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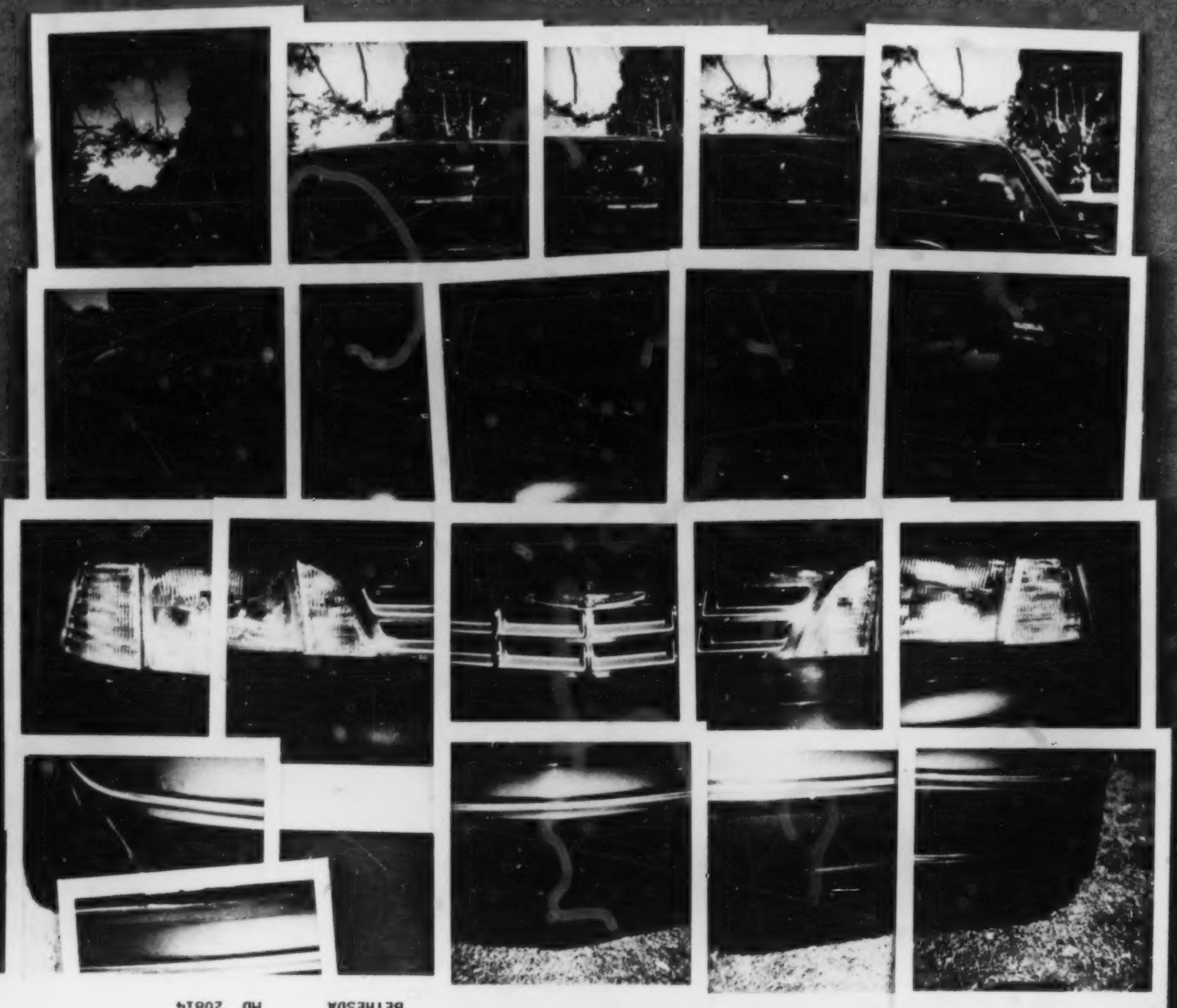

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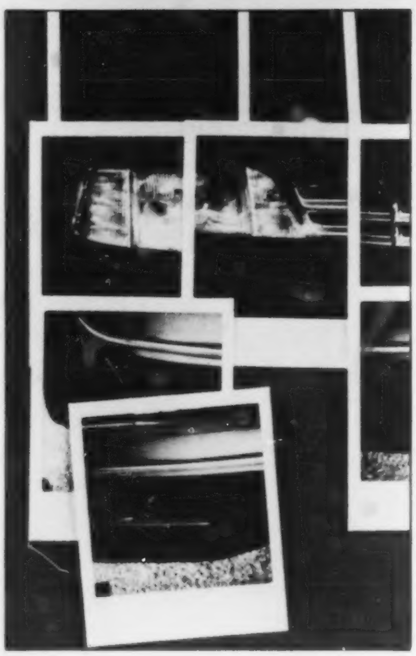
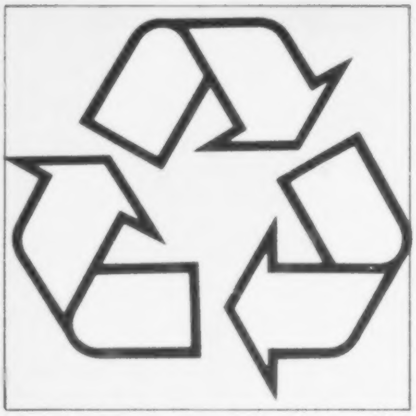
Product Aftermarket Retail Trade Study

PLUS MOTOR OIL AND RECYCLING

AUTOMOTIVE MARKETING

November Issue/Volume 19, Number 11





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EDITORIAL STAFF

FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

Philip Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Amplosk,
Contributing Editor

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

Chilton Officers:
Gary Ingersoll, President; Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine.

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President
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MARKET LINE

COMMODITIES

The Mideast Crisis Hits Home, Antifreeze Prices Up Again

Antifreeze/coolant prices are up again; although no one expects a repeat of the shortage of two years ago. The price of antifreeze/coolant has moved up, according to industry experts, due to the drama in the Mideast, speculation by international oil traders, and feverish demand by nervous wholesale customers.

Retail prices, which were at about $3 a gallon in August, will probably be in the $6-$7 range by the end of November as supplier price increases take affect. And all of this occurred during a selling season where most suppliers anticipated a good year with low prices and high sales. "It's crazy," was the way Rick Bowen, vice president of marketing for automotive products, First Brands (Prestone), Danbury, CT, described the situation. "It's a very complicated story."

A Complicated Story

Here is the story, as simply as we can tell it, with the aid of Bowen, Mike Barcum, senior vice president at Old World Automotive Products (Peak Antifreeze), Des Plaines, IL; Niall McStay, brand manager for Zerex, BASF, Parsippany, NJ; and Mike Milenz, manager for national accounts marketing at Texaco Lubricants, Houston.

In the the 1988-1989 selling season, antifreeze/coolant prices went sky-high as a result of ethylene glycol shortages (about half of all antifreeze/coolant is sold from October to December). The price of ethylene glycol, usually around 20-cents a pound rose to 40-cents, and more, for a time. Producing a gallon of antifreeze/coolant requires about nine pounds of glycol. The basic raw material cost of a gallon of antifreeze/coolant (glycol is roughly 93-95% of antifreeze/coolant) thus rose to more than $4.

Trade sales traditionally are highest in July and August when retailers stock up for fall. Some panic buying occurred in 1988, however, as retailers tried to beat increases and predicted shortages. The result was increases in inventories on retail floors.

However, while retailers increased their buying, consumers did not. As Milenz noted, "I don't think anybody realized just how much consumer resistance there'd be to $9-$10 antifreeze."

ANTIFREEZE SALES 1989: PROFILE OF A BAD YEAR

1989 was a terrible year for antifreeze/coolant supplier sales. Only 161 million gallons were sold. Although sales have dipped slightly in the 1980s with the downsizing of radiators, sales usually run about 200-210 million gallons.

Types Of Sale	Millions Of Gallons
Packaged in quarts & gallons	**90,892,867**
Packaged in drums	**6,177,536**
Bulk sales to packagers	**44,889,753**
Bulk sales to automakers	**18,385,632**
Sales to government agencies	**252,300**
Total sales	**160,598,088**

Source: Chemical Specialty Manufacturers Association

Price rises in 1988 meant a lot to antifreeze/coolant suppliers. According to a First Brands prospectus, antifreeze/coolant sales for the year ending June 30, 1988 were $254.6 million. The next year, ending June 30, 1989, with only a 1% volume increase, dollar sales rose to $415.9 million.

The 1989 Market Was Off

The impact on the market in 1989 was dramatic. Retailers were shy of stocking up, many had carry-over inventory. While supplier sales in 1988 finished at about 216 million gallons (a normal year), 1989 was one of the worst years in memory. Sales by suppliers as measured by the Chemical Specialties Manufacturers Association, Washington, in 1989 were only 161 million gallons. Bowen noted that it was the lowest total gallonage since the first oil embargo in 1974.

But as the rules of supply and demand took hold in the market, slow sales in 1989 led to lower prices. By the spring of 1990, the price of ethylene glycol had returned to about 20-cents a pound, retail inventories were low, and the pipelines were empty. The glycol market had gone from soft to balanced and suppliers expected a good year. "History says the market rebounded in 1975," Bowen said, "and we had good hopes for this year."

Then on August 2, Saddam Hussein sent his tanks across the Kuwaiti border. "The market did a 180-degree turn overnight," Milenz said. "Suddenly, a long inventory position was very desirable and everybody set out to fill the pipeline. There was not enough lead time to fill any orders. We all got caught short. We never imagined this could happen."

A World Market

The situation was complicated by the European market. Prices rose quickly in Europe because the majority of European glycol producers work from naptha, which is refined from crude oil stocks, while most American refiners produce glycol from natural gas. A little more than 10% of the world's glycol is produced in Saudi Arabia and sold in Europe and the Far East and these supplies were in doubt. Thus, some American glycol producers considered shipping product to Europe at a better price than could be obtained in the U.S. "Higher European prices meant that a balanced glycol market became a tighter market for American suppliers." Bowen stressed that glycol sales are a world market, not just an American market.

As we went to press, the situation was hectic. The rush to fill orders before prices rose left refiners in what Barcum called "a virtually barge to bottle situation at our plants." McStay noted that orders are usually a three to four week turnaround and that refiners were still filling August orders in late September.

(Circle 6) →

Bowen said First Brands had "literally more orders than we can ship at this time." Milenz said that one refinery that produces glycol for all four major suppliers received a call from a retailer asking which supplier would be shipped first. He'd placed orders with all four suppliers and planned to cancel two.

And what about retail sales? Suppliers believe that by late fall, antifreeze/coolant/ will be in the $6-$7 range. However, rebates will offset the price raise somewhat for the consumer. "The average consumer ad price will be closer to $5.49 with a 1.50 rebate," Bowen said. "Unfortunately, the rebates are on the package. There's not much we can do about it."

Dominance Challenged

Whether or not prices go up, competitors will continue their assault on Prestone's dominance. To date, typical retail strategy places Prestone at a premium and a second brand or private label at about a dollar lower price.

"Prestone's put there for a purpose," Zerex's McStay said. "Retailers have to have the number one call brand. Prestone's distribution is probably something like 98%. Everybody sells it. Why? For the retailer, it says we're in the antifreeze business. Most people are aware of Prestone, they've tried it, or heard about it. So the retailer perceives that he's not in the business or portraying the right image unless he carries the number one brand. They fear that without the number one brand in every category they'll lose some customers."

This might seem discouraging for the other brands; however, they claim that retailers don't make money selling Prestone. "It's too competitive," Peak's Barcum said. "Margins are beaten into the ground or a retailer can get embarrassed in the ads. A retailer knows everyone is going to advertise Prestone. So he has to guess what the lowest price will be and set his prices accordingly. Today, retailers want to make money off ads. It's not enough to just get traffic from an ad. So they take a second brand, like Peak, and promote it, but not at a deep discount."

While other brands have made some progress against Prestone, they've made much greater strides against private labels. "Our competitors met private label prices to get on the shelves," Bowen said. "When that happened, private labels suffered." Bowen said First Brands had six or seven private label customers. "And they don't sell to the volume expected."

Barcum noted that at one time, Old World had more than 100 private labels. "Now, it's less than a dozen." McStay said "Private labels had been going away for five years. Stores only use it when there's an overriding benefit."

A SAFE Antifreeze/Coolant

While price is no longer a benefit for private label antifreeze/coolant, Chief Auto Parts, Dallas, has a added a private label antifreeze/coolant made from *propylene* glycol as part of its SAFE (Specially Adapted For The Environment) program. The antifreeze/coolant is made from propylene glycol manufactured by Arco Chemical, Newtown Square, PA, and blended by Omni Industries, Baton Rouge, LA. Chief president Mike Manor has emphasized that promoting a safe environment is a top priority at Chief.

The environmental feature is that while both propylene glycol and ethylene glycol are biodegradeable, propylene glycol is not toxic. Propylene ethylene is also used in food, drugs, and cosmetics. Its main automotive use until now is in the water systems of recreational vehicles.

Pat Zastoupil, product manager for oil, chemicals, and antifreeze/coolant for the SAFE program, said sales were promising. "We get lots of questions about it. We get lots of awareness about dumping." The SAFE antifreeze/coolant sells at $9.99 and Zastoupil projects it will account for 10-15% of Chief's antifreeze/coolant business this year.

Will propylene glycol based antifreeze/coolant catch on? Randy Snakenberg, Arco manager for new business development, propylene glycol, said Arco is already speaking with several other retailers. At the same time, Arco is opening discussions with OEMs to make propylene glycol based antifreeze/coolant acceptable for use in new vehicles. ■

AI's Kuwaiti Owners To Sell Business

The Kuwaiti owned AI Automotive, Nashville, TN, which declared Chapter 11 Bankruptcy on April 30, will be sold to a new investment group, according to CEO Stuart Baxter. Baxter told *Automotive Marketing* that he was in the final stages of negotiations with creditors and the investors, and that the sale should be complete by November.

A reorganization plan for leaving bankruptcy will then be put into place. "AI Automotive should be out of bankruptcy by the end of the year, or January at the latest," Baxter said.

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PARTS

PRODUCT AFTERMARKET RETAIL TRADE STUDY

PRODUCTS BY SKUs

The SKU (Stock Keeping Unit) is the basic, individual product as differentiated by size, purpose, make, package, or other product difference. The basic products are listed by the mean amount of SKUs stocked by all automotive product-stocking retail outlets.

Auxiliary Lights	161
Headlamps	145
Body Repair	75
Batteries	52
Wax & Polish	41
Hand Cleaners	22
Protectants	17
Battery Chargers	14

PRODUCTS BY TURNS

Turns are the number of times this individual product is sold annually. The following products are listed by the mean turns for all automotive product-stocking retail outlets.

Car Batteries	9
Wax & Polish	7
Hand Cleaner	7
Headlights	7
Protectants	7
Auxiliary Lights	5
Body Repair	5
Battery Chargers	4

For the second year, *Automotive Marketing* presents product sales standards to check your chain's performance against.

by **Phil Katcher, Business Editor**

Judging from the statistics on turns and gross margins of the product lines studied in our annual *Products Aftermarket Retail Trade Study (PARTS)*, the aftermarket remains steady. There is little real change in these key areas from last year to this one.

As before, the study's aim is to provide specific information about key product categories so that different types of retailers can gauge their performances against their peers. With that in mind, this year we present the product information that follows segregated by retailer types. The types we feature are automotive chain stores, jobber/retailers, non-automotive retailers ranging from drug stores to department stores, and chains that offer professional service.

The study itself was conducted by Chilton Research Services (CRS), Radnor, PA, a major market research organization. We gave CRS some 4,000 names and addresses of top retailers in all fields that handled automotive products.

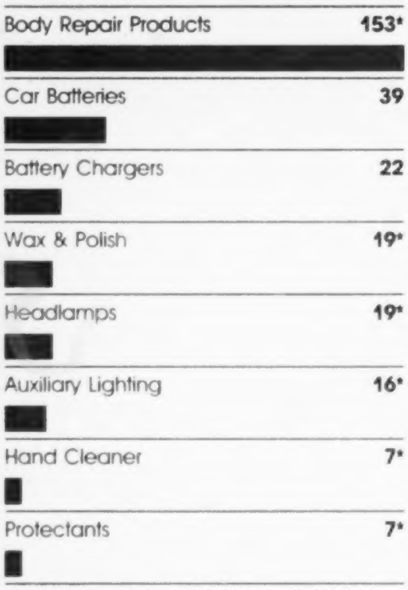
CRS sent a notice to each potential replier to let them know a questionnaire would be on its way to them in the near future. Then CRS sent each retailer a questionnaire, followed by a post card reminder to return the completed questionnaire.

In all, after duplicate questionnaires from the same firm and others of doubtful accuracy were weeded out, CRS had answers from 612 automotive parts retailers' headquarters.

PRODUCT AFTERMARKET RETAIL TRADE STUDY

PRODUCTS BY FOOTAGE

Individual products are listed by either mean square footage of display space for products typically displayed in bulk or by mean linear footage of shelving devoted to the products for products usually displayed on pegboards or by similar means.



* Given by linear footage of shelving devoted in an average store

Who Responded

We were pleased to see that 53% of the individuals who responded had titles of "owner" or "president." Another 27% were managers, while others were vice presidents, buyers, general managers, comptrollers, or secretaries. In other words, those who responded were those with the factual information on hand.

In all, 67% of all respondent companies were jobber/retailers, while 19% were automotive chain stores — a good reflection of the balance of those types of stores in the market. There were also small numbers of WDs, import specialists, specialty stores, and general repair and body shops, as well as discount chains, supermarkets, and hardware and drug stores.

In all, 8% of these chains had 51 or more stores, a figure that accurately reflects the aftermarket world as described in our annual "Top 100" list. Another 4% had between 16 and 50 stores, while 16% had between 3 and 15 stores.

In terms of sales, 8% sell $10 million or more worth of automotive products annually. These were big chains. In all, 36% of those who sold more than $10 million worth of auto parts, chemicals, and accessories, said that less than 10% of their total sales were in these products. In other words, they're selling lots of merchandise that is non-automotive.

Another 40% of the total 612 respondents sell between $5 and $10 million worth of automotive products annually. The rest sell under $5 million.

In all, 42% of all 612 chains report that they were volume retailers, that is, that 60% or more of their sales were retail rather than wholesale. And, 26% said they had one or more service bays in their average stores. Of those with service bays, 56% described themselves as independent auto parts stores. Only 18% were automotive parts store chains.

Other Results

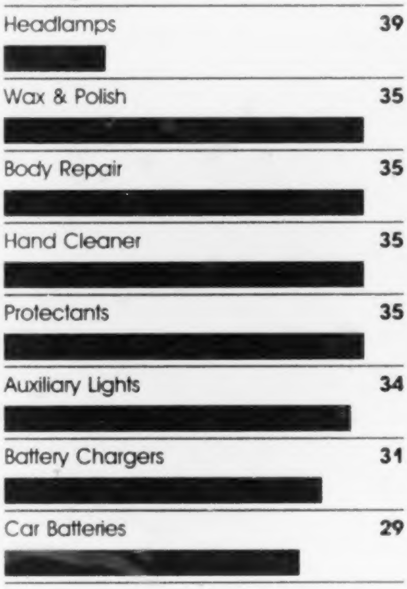
Along with the specific product information came some general store demographic information. We asked the respondents what type of retailer they were. Then we asked what percentage of their total sales were retail as opposed to wholesale sales. Companies that described themselves as automotive chain stores said their average retail sales made up 58% of their total sales. Independent auto parts stores, however, sold 48% retail; they are what are called "jobber/retailers." Chains with service bays reported 66% of their auto parts sales as being retail. And, the mean retail sales of those who said they sold more than 60% retail were 81%.

The mean amount of square footage devoted to automotive products in the average automotive chain store is 4,144. This compares to 4,824 in the average jobber/retailer store. Chains with service bays average 4,868 square feet devoted to automotive products. On the other hand, the average supermarket, drug store, or hardware store only sets aside 340 square feet for automotive products.

The mean number of employees in the typical automotive chain store is 6.3. The average jobber/retailer gets by with 5.3. Chains with service bays use, on the average, 5.8 employees in their automotive parts departments. But, non-automotive retailers use only 4.5 employees in their automotive parts departments.

PRODUCTS BY GROSS MARGIN PERCENTAGE

Gross margin percentage isthe total amount above cost the retailer charges. The following products are listed by the mean gross margin percentage indicated by all automotive product-stocking retail outlets.



When we asked chains with service how many bays their average stores had, 24% said one bay, 22% said two bays, 15% said three bays, 11% said four bays. Another 10% said their typical store had five bays, while 18% said six or more bays. The latter figure, 18%, also happens to be the same percentage of automotive chain stores that offer professional service through service bays.

What Are Average Stores?

So, the picture of the average automotive chain store is one without service bays, with just over 4,000 square feet of selling space, with six employees, that sells just about 60% of its merchandise retail. The average jobber/retailer, however, does just under 50% of his sales in retail sales, has five employees, and is almost 5,000 square feet. Stores with service bays are apt to be independent auto parts stores, some 5,000 square feet, with six employees, and three or fewer bays. Which types of stores are in your chain? ■

PARTS

HAND CLEANER

go-jo
HAND PROTECTIVE
skin coat
go-jo
skin coat
go-jo
Hand Cleaner
Contains Vitamin E, Lanolin and Aloe
Lemon Fresh
910g NET WT 16 OZ
New

In all, 93% of retailers to whom we spoke stock some types of hand cleaners. Among chains with 60% or more in retail sales, virtually every one – 99.6% – stock hand cleaners. Of all retailers, 61% stock ten or fewer hand cleaner SKUs. About half of them say that their hand cleaners turn between three and eight times annually. Another 12% say their hand cleaning products turn ten times annually. Half use four or fewer linear shelf feet to display hand cleaners. However, 13% use between ten and 12 linear shelf feet for these products. In all, 56% say their overall average gross margins on hand cleaners range between 31% and 40%. But, 12% have average overall gross margins of between 41% and 50% on hand cleaners.

Automotive Parts Chain Stores

In terms of percentages, more automotive parts chains stock hand cleaners than any other type of auto parts retailer, at 98%. Just under half, 46%, stock between five and ten hand cleaner SKUs. Another 12% have between 20 and 40 hand cleaner SKUs in their inventories. Just over half say they do between three and six annual turns of hand cleaners in their average stores. Almost a tenth, however, say their hand cleaners turn 21 or more times annually. Some 56% devote between two and four linear feet of shelving to hand cleaners; another 13% use between ten and 12 linear feet for hand cleaner displays.

Independent Auto Parts Stores

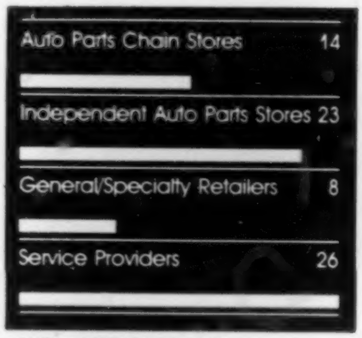
In all, 96% of independent auto parts stores stock hand cleaning products. About half of them stock seven or fewer hand cleaner SKUs. Half also say their hand cleaners turn between two and six times annually. However, 13% say they get ten turns of hand cleaning products annually. And, 9% say they get 20 or more turns annually. Just over half, 54%, use five or fewer linear shelf feet to display hand cleaners. And, 61% say their overall average gross margins on hand cleaners range between 31% and 40%.

Non-Automotive Retailers

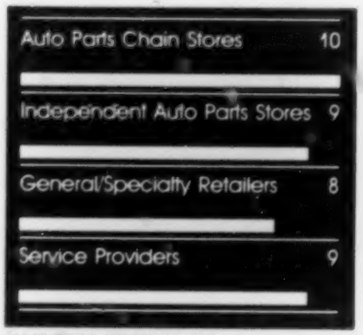
Around as many non-automotive retailers as independent auto parts stores stock hand cleaners at 95%. Most of them stock between two and six hand cleaner SKUs. Most of them say their hand cleaning products turn four or fewer times annually. And, most of them devote between two and four linear shelf feet to their hand cleaner displays.

Chains With Service Bays

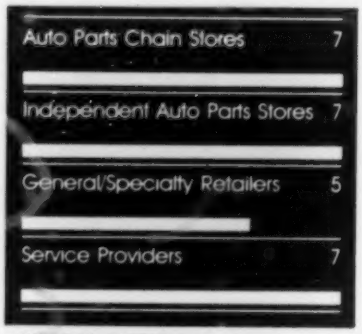
Chains that offer professional service need a lot of hand cleaners themselves, but they don't offer these products to their customers as much as other types of retailers do. In all, 84% of service providers sell hand cleaners. There is a considerable range among service providers in terms of how many hand cleaner SKUs they offer, with about half selling eight or fewer of these product SKUs. About half, too, report their hand cleaners turn between two and six times annually. Finally, 55% use between two and four linear feet of shelving to display hand cleaners. ■



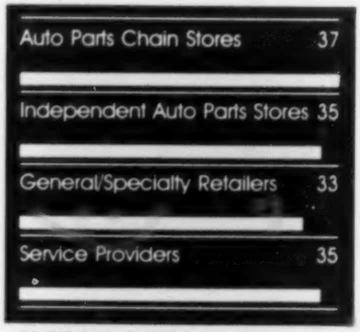
SKUs STOCKED IN AVERAGE STORES



ANNUAL TURNS IN AVERAGE STORES



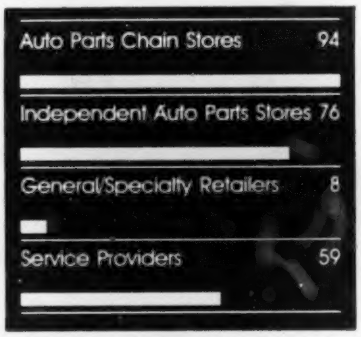
LINEAR SHELVING FEET DEVOTED TO HAND CLEANER



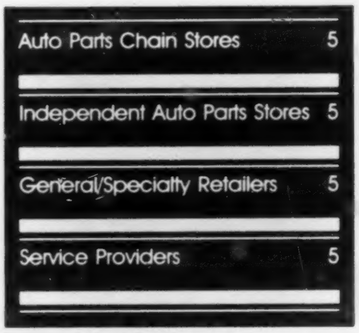
OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

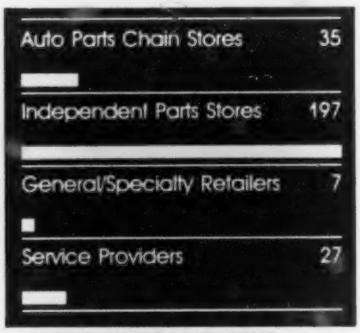
BODY REPAIR



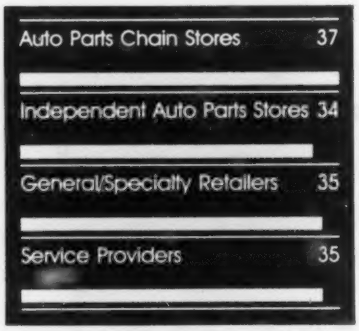
SKUs STOCKED IN AVERAGE STORES



ANNUAL TURNS IN AVERAGE STORES



LINEAR SHELVING FEET DEVOTED TO BODY REPAIR PRODUCTS



OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

New
Auto-Pak
3M
RUST AVENGER
RUST CONVERTER KIT
• Stops existing auto rust permanently
• Chemically transforms rust into a paintable surface
Contents:
-03179

Body repair products take in a wide range of items from sandpaper to kits designed to replace rusted-out sheet metal. On average, 80% of all retailers who sell some automotive products also sell body repair products. Among retailers who make 60% or more of their sales across the counter, 78% stock body repair products.

Just over a quarter of all retailers stock ten or fewer body repair SKUs. But another quarter stock between 20 and 50 body repair SKUs. And, almost 10% stock between 91 and 200 body repair SKUs.

Some 57% say they turn their body repair products between two and four times annually. Almost half, 45%, display their body repair products on ten or fewer linear feet of shelving. And, 31% say their average gross margins on body repair products are between 31-25%, while another 20% have margins between 36-40%. Another 20% have margins between 26-30%.

Automotive Parts Chain Stores

In all, 93% of auto parts chains stock body repair products. A third stock between 20 and 40 body repair SKUs. In terms of annual turns, 29% do three turns; 19% do four turns; 13% do two turns; and 10% do six turns. In all, 42% devote 20 linear feet of shelving or more to body repair products. And, finally, 30% have overall average gross margins on body repair products of 31-35%; 23% have margins of 36-40%; 16% have margins of 26-30%; and 9% have margins of 41-45%.

Independent Auto Parts Stores

Of independent auto parts stores, 82% report that they stock body repair products. Of them, 43% stock 20 or more body repair SKUs. Almost a quarter report they do three annual turns of body repair products, while another 18% do two annual turns and 17% do four annual turns. Some 14% devote between 20 and 30 linear feet of shelving to their body repair products, while 15% use three or four linear feet. Around a third say they have average gross margins of 31-35% on body repair products, while 21% make between 26-30% and 19% make between 36-40%.

Non-Automotive Retailers

Body repair products are largely bought by fairly serious DIYers. Hence it's no surprise that 62% of non-automotive retailers stock body repair products. On average, too, they stock only eight body repair SKUs. Around half of them do between three and six turns of body repair products. And, the large majority of them devote ten or fewer linear feet of shelving to body repair products.

Chains With Service Bays

Almost three quarters, 71%, of chains with service bays offer body repair products for sale. Most of them stock 20 or more body repair SKUs. Over half, 54%, say their body repair products turn between two and three times annually. And, finally, over half, 54%, display body repair products on ten or fewer linear feet of shelving. ■

PARTS

BATTERIES

Virtually every retailer who stocks automotive products also sells batteries, at 95% of all retailers to whom we spoke. And, 95% of volume retailers, with 60% or more over-the-counter sales, stock batteries. The mean SKUs (Stock Keeping Units) for all stores were 52; mean turns were seven; amount of square feet devoted to batteries in the average store was 39; and overall average gross margin in the average store was 29%.

Automotive Parts Chain Stores

In all, 99% of automotive parts chain stores stock batteries. The mean number of battery SKUs stocked by automotive parts chain stores is 57. However, the largest concentration of respondents, 41%, stocked between 21 and 50 battery SKUs. In the same way, 54% of all auto parts chains reported their turns were between two and six, although the mean number of turns were higher. The largest single block of auto parts chains, 36%, also said that they devote between 21 and 50 square feet of display space for batteries. Just over half of all auto parts report average gross margins of between 26% and 35% on batteries.

Independent Auto Parts Stores

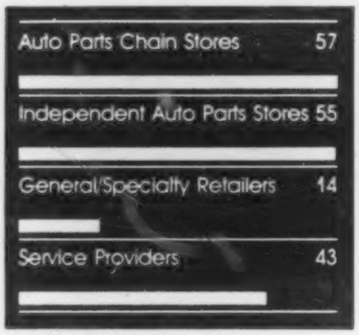
Some 97% of independent auto parts stores told us that they stocked batteries. In all, 44% of independent auto parts stores reported that they stock between 21 and 50 SKUs of batteries. Over half—55%—also said that their annual turns of batteries range between two and five. Another 11% do six annual turns on average. The average amount of square footage devoted to batteries ranged from two to 500. In all, 17% said they devoted between ten and 12 square feet to batteries. Some 30% said their average gross margins on batteries were between 26% and 30%. Another 21% said their margins were between 21% and 25%, while 18% had margins of 31% to 25%.

Non-Automotive Retailers

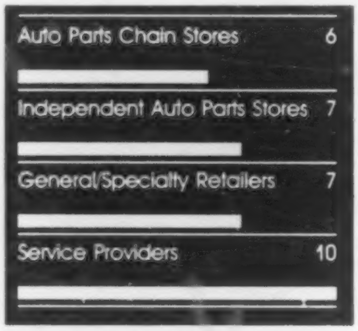
Some 71% of non-automotive retailers such as discount stores and drug stores report that they stock batteries. In terms of SKUs, however, they stock fewer than any other type of store that sells automotive products. They also report fewer turns and devote considerably fewer square feet to their display. However, their overall average gross margins on batteries are comparable to those reported by other types of retailers.

Chains With Service Bays

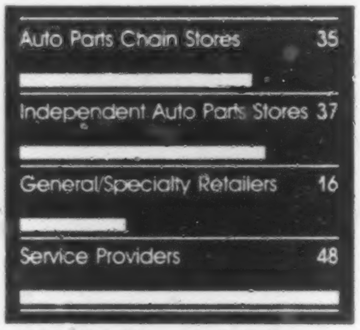
A total of 92% of retailers who have service bays sell batteries. Around 34% of these service providers stock between 21 and 50 battery SKUs. Six or fewer turns were reported by 60% of service providers, with almost 20% saying batteries turned four times annually for them. In all, 12% devote ten square feet to displaying batteries; another 12% use between 21 and 30 square feet; 8% use 12 square feet; and 8% use between 31 and 40 square feet. In terms of overall annual gross margins, 62% make between 21% and 35%. ■



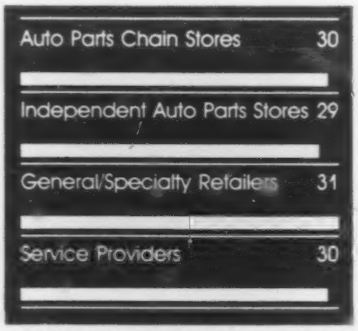
SKUs STOCKED IN AVERAGE STORES



ANNUAL TURNS IN AVERAGE STORES



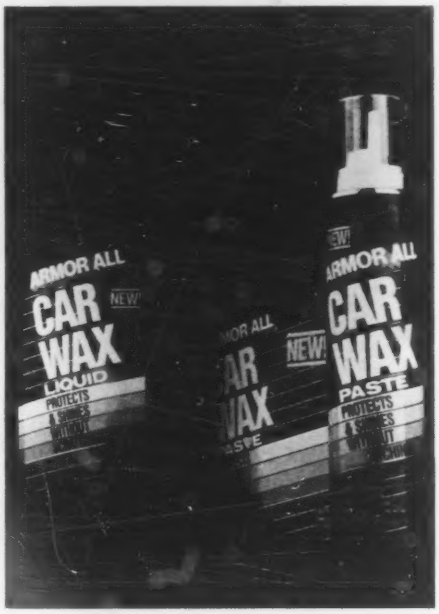
SQUARE FEET DEVOTED TO BATTERIES



OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

CAR WAX



Wax and polish are among the most commonly seen automotive products around. Of the retailers to whom we spoke, 93% stock at least some wax and polish products. The average SKUs of wax and polish products stocked by all retailers was 41, with seven average turns in their stores. On average, too, retailers devote 19 linear feet of shelving to these products. Finally, the average gross margin, overall, for all retailers for wax and polish products is 35%.

Automotive Parts Chain Stores

Virtually all, 99%, automotive parts chain stores stock wax and polish products. In all, 55% stock between 20 and 50 wax and polish SKUs, although one chain reported that it stocked over 500 SKUs of these hot selling products. However, just over half report that they do four or fewer turns in wax and polish products annually. A quarter of these types of chains devote between ten and 12 linear feet of shelving to wax and polish, while another 10% use between 20 and 30 linear feet of shelving. In terms of overall annual gross margins on wax and polish products, 54% say they make between 30% and 40%.

Independent Auto Parts Stores

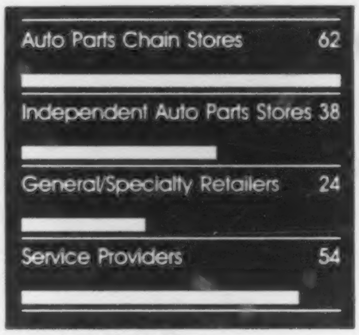
Almost as many independent auto parts stores, at 94%, stock wax and polish items as do auto parts chain stores. The number of wax and polish SKUs they stock vary tremendously from store to store, however. About a quarter of them say they stock anywhere from 20 to 50 wax and polish SKUs. But, almost 10% stock over 100 wax and polish SKUs. Over half, 55%, say they do between two and four turns in wax and polish products annually. In all, 20% devote between 20 and 30 linear feet of shelving to these products; about the same number have between ten and 12 linear feet of wax and polish products. Just over half report that their overall gross margins are between 30% and 40%.

Non-Automotive Retailers

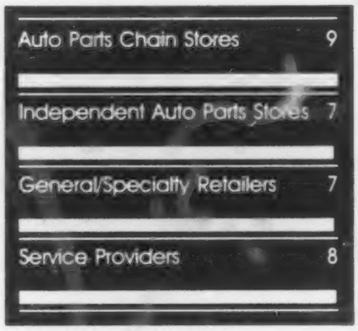
Wax and polish are non-technical products with wide shopper appeal. Therefore, it's no surprise that 95% of non-automotive retailers stock these popular products. And, well over half of them stock between 20 and 50 wax and polish SKUs. These types of stores report good turns on wax and polish products, too, with over half of them saying their turns are between three and six. In fact, one discounter told us that they do 20 turns of wax and products annually in his stores. On average, non-automotive retailers devote 18 linear feet to their wax and polish displays. And, over half say their overall average gross margins range between 26% and 40%.

Chains With Service Bays

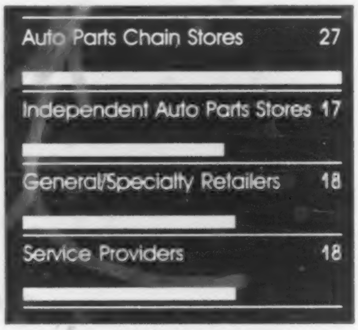
Professional service operations tend to stress appearance products such as wax and polish less than retailers. Still, 85% of these types of retailers do stock wax and polish products. On average, they stock 54 wax and polish SKUs. Just over half say they do three or fewer turns in wax and polish products annually. Another 41% say they do between four and six turns annually. In all, around 35% give six or fewer linear feet of shelving over to wax and polish, while another quarter devote between eight and 12 linear feet to these products. About a half, too, say their overall average gross margins on wax and polish products range between 31% and 40%. ■



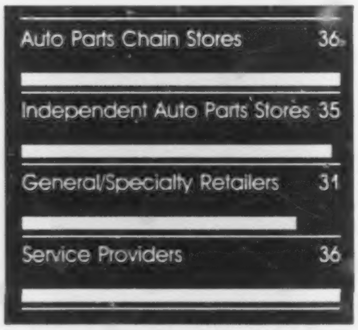
SKUs STOCKED IN AVERAGE STORES



ANNUAL TURNS IN AVERAGE STORES



LINEAR SHELVING FEET DEVOTED TO WAX & POLISH



OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

PROTECTANTS

Protectants make up a fast-growing automotive chemical product category. Some 92% of retailers with whom we spoke carry at least some protectants among their other chemicals. Among chains that report that 60% or more of their sales are retail, 78% sell protectants. In all, half of all chains stock seven or fewer SKUs of these products. Another 13%, however, stock between 20 and 40 protectant SKUs.

Half, too, report they do four or fewer turns in protectants annually. But, 6% do 21 or more turns in this product line annually. In all, 53% devote four or fewer linear feet of shelving to protectants. Half, too, report that their overall average gross margins on protectants range between 31% and 40%. Another 13% report margins between 41% and 50%.

Automotive Parts Chain Stores

Among auto parts chains, 97% carry protectants. A quarter of them stock between seven and ten protectant SKUs. Just under a quarter stock four or fewer protectant SKUs.

In all, 46% say they turn protectants between four and ten times annually. And, just over a quarter report 1-3 protectant turns annually. And, 8% say their protectants turn as many as 21 or more times annually.

Just over half of chains devote between six and three linear feet of shelving to protectants. Finally, 53% report that their overall average gross margins on protectants range between 31% and 40%.

Independent Auto Parts Stores

A total of 95% of independent auto parts stores stock protectants. Half of them stock five or fewer protectant SKUs, while another 6% stock between 21 and 30 protectant SKUs.

Just over half have four or fewer turns of their protectants, while another 5% have 21 or more turns of these products. In all, 55% devote four or fewer linear feet of shelving to protectants. Finally, half have overall average gross margins in protectants of 31% to 40%, while another 20% have gross margins of 26-30%.

Non-Automotive Retailers

Some 90% of non-automotive retailers stock automotive protectants. A large number of these stock between six and ten protectant SKUs, while another major block stock between 19 and 30 protectant SKUs. Over half do between four and six turns in protectants annually on average. About half, too, devote four or fewer linear feet of shelving to protectants. Their overall average gross margins vary widely, with equal numbers reporting margins ranging between 21% and 45%.

Chains With Service Bays

In all, some 85% of retailers who have service bays sell protectants. In all, the largest single group of them, at 45%, offer four or fewer protectant SKUs. Some 56% report their annual turns in protectants range between six and two. Half display their protectants on four or fewer linear feet of shelving. Finally, 57% say their overall average gross margins on protectants range between 31% and 45%. ■

Auto Parts Chain Stores	16
Independent Auto Parts Stores	19
General/Specialty Retailers	9
Service Providers	17

SKUs STOCKED IN AVERAGE STORES

Auto Parts Chain Stores	9
Independent Auto Parts Stores	7
General/Specialty Retailers	8
Service Providers	9

ANNUAL TURNS IN AVERAGE STORES

Auto Parts Chain Stores	8
Independent Auto Parts Stores	7
General/Specialty Retailers	6
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LINEAR SHELVING FEET DEVOTED TO PROTECTANTS

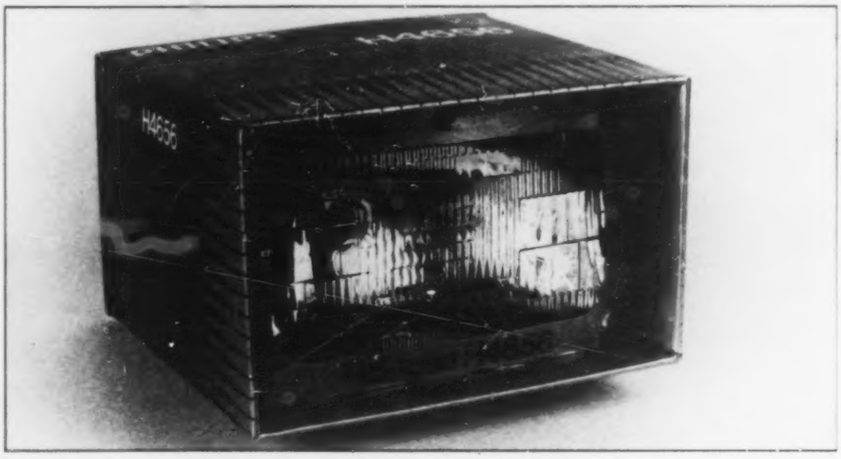
Auto Parts Chain Stores	36
Independent Auto Parts Stores	35
General/Specialty Retailers	30
Service Providers	34

OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

PARTS

LIGHTING



Automotive lighting products, for the purpose of this study, are considered to include both headlamps and miniatures. A full 95% of the retailers we talked to offer at least some lighting products to their customers.

The exact number they stock vary tremendously. Some 10% stock between 21 and 30 SKU's; another 10% offer between 31 and 40; and 12% have between 41 and 50. But, over 8% have between 101 and 200 lighting SKU's. And, 6% said they have more than 500 SKU's, including miniatures in all sorts of different packages.

Linear feet devoted to lighting products also vary, with 11% using 20 feet, while 13% use between 21 and 30 feet, and 8% use between 31 and 40 feet.

Otherwise, 56% say their turns are between three and six annually; and just under half say their overall average gross margins on lighting products run between 31% and 40%. However, another 11% have margins between 41% and 45%, while the same number have margins between 46% and 50%.

Automotive Parts Chain Stores

Some 97% of auto parts chain stores stock lighting products. But, in terms of SKU's, 18%—the largest single group reporting SKU's—carry between 41 and 50 lighting product SKU's; another 10% carry between 31 and 40; and 11% carry between 21 and 30.

When asked about linear shelf feet devoted to lighting products, 17% used 12 feet, 14% used between 21 and 30 feet, and 10% use 20 feet. Indeed, 1% use over 91 feet for lighting products. Just over half say their annual turns of lighting products range between three and six and have overall gross margins ranging between 31% and 40%. As well, 17% report margins ranging between 46% and 65%.

Independent Auto Parts Stores

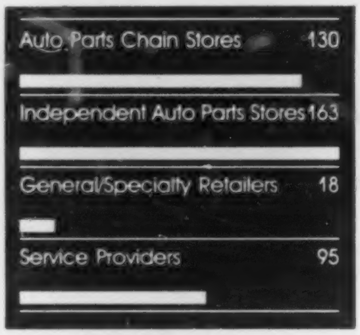
Virtually all (99%) independent auto parts stores carry lighting products. Most carry a lot: a quarter carry over a hundred SKU's of lighting products. However, almost half say they do four or fewer turns in lighting products annually. Finally, a third of these types of retailers devote between 20 and 40 linear feet of shelving to lighting products.

Non-Automotive Retailers

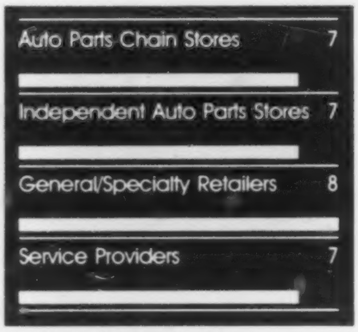
Just over three quarters of all non-automotive retailers stock lighting products. Of those who do stock these products, most stock between 21 and 50 lighting SKU's on between 21 and 40 linear feet of shelving. Most have annual turns ranging from four to six. Most report overall average gross margins ranging between 26% and 45%.

Chains With Service Bays

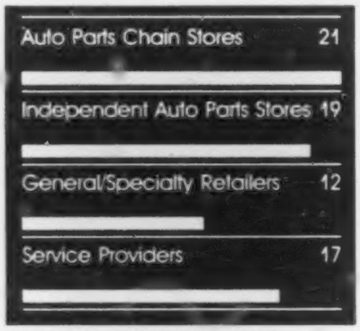
In all, 91% of chains that offer professional service also retail automotive lighting products. Most of them offer between 21 and 80 SKU's of these products. However, the linear feet of shelving they display them on varies considerably. Some 10% use six feet; 10% use ten feet; 9% use 20 feet; and 8% use between 21 and 30 feet. Finally, 53% report annual turns in lighting products ranging between three and six. ■



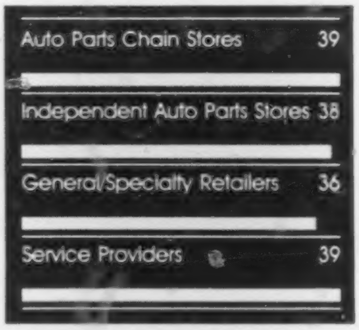
SKUs STOCKED IN AVERAGE STORES



ANNUAL TURNS IN AVERAGE STORES



LINEAR SHELVING FEET DEVOTED TO LIGHTING PRODUCTS



OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

BATTERY CHARGERS

CENTURY
MANUAL
AUTOMATIC
Made in USA
FULLY AUTOMATIC
BATTERY CHARGER/MONITOR AND ENGINE STARTER-

Battery chargers are not only for auto uses, but also for marine, motorcycle, farm, snowmobile, and similar uses. Hence, it's no surprise that 80% of all retailers who sell automotive products also report that they sell these useful products. Among chains that report that 60% or more of their sales are retail, 77% sell battery chargers.

A little over a third of all retailers carry between three and six charger SKUs. Another 17% carry one or two charger SKUs. In terms of annual turns, 30% report that they turn chargers two times, while 19% turn them three times, and 17% turn them once a year. Another 10% turn them four times annually.

Over a quarter of all retailers use three or four square feet to display chargers. Another 12% display them in two square feet. Finally, 28% say their overall average gross margins on chargers range between 26-30%, while 23% report margins of 31-35% on the products. Another 13% have margins of 36-40%, while 12% have margins of 21-25% and 10% have margins of 16-20%.

Automotive Parts Chain Stores

More auto parts chain stores carry battery chargers than any other single category of retailer that sells automotive products. In all, 92% of these chains stock chargers. Almost half of them stock between three and six charger SKUs. Just over a quarter of these chains report two annual turns of chargers, while 22% say chargers turn three times annually, and 16% say they turn once. Another 10% turn chargers six times a year. Almost 30% say they use four or five square feet to show chargers, while 9% use two feet and 8% use eight. In terms of overall gross margins, 28% of auto parts chains have margins of 26-30%. Another 23% have margins of 31-35%, and 17% have margins of 36-40%.

Independent Auto Parts Stores

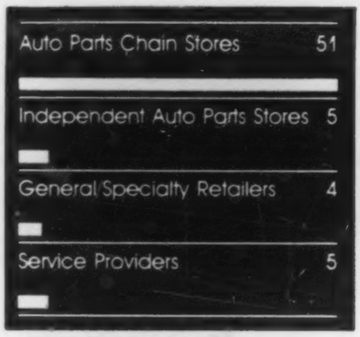
Some 10% fewer independent auto parts stores stock chargers than do auto parts chains. About a quarter of them stock three or four charger SKUs, while 20% stock one or two SKUs. A third say they turn chargers twice a year, while 18% turn them once and 17% turn them three times. Just about half use four square feet or fewer to display their chargers. And some 30% have overall average gross margins in chargers of 26-30%; 23% have margins of 31-35%, and 14% have margins of 21-25%. Another 11% each have margins of 36-40% and 16-20%.

Non-Automotive Retailers

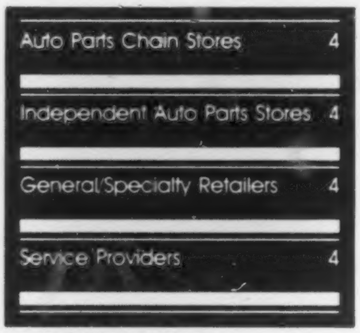
Two thirds of all non-automotive retailers stock battery chargers. Most offer four to six charger SKUs. Most turn their chargers three or four times annually. Most devote ten to 12 square feet to displaying chargers. And, most have overall average gross margins of 31-40%.

Chains With Service Bays

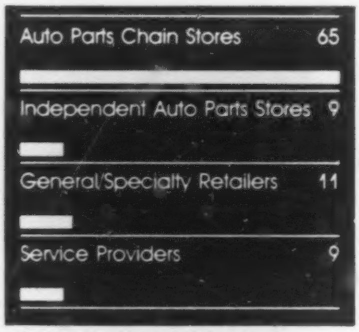
Three quarters of chains with service bays stock battery chargers. Most offer fewer than six charger SKUs, turn them four or fewer times, display them in four to six square feet, and have gross margins of 26-40%. ■



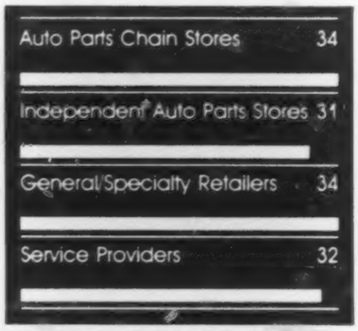
SKUs STOCKED IN AVERAGE STORES



ANNUAL TURNS IN AVERAGE STORES



LINEAR SHELVING FEET DEVOTED TO CHARGERS

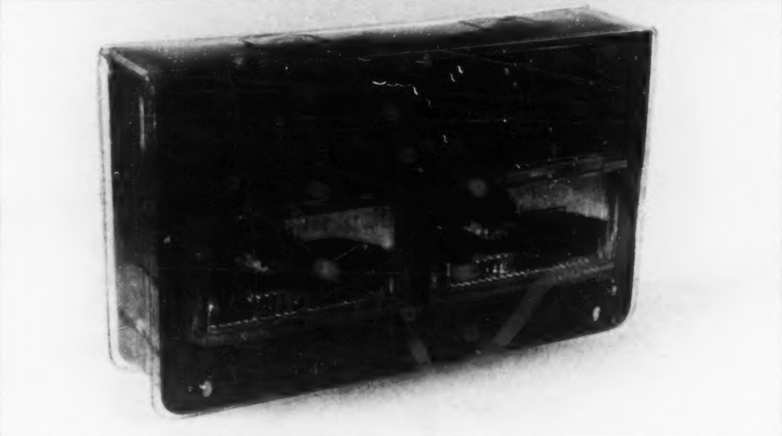


OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

P A R T S

AUXILIARY LIGHTS



Auxiliary lighting products cover a wide range of products, from light truck and off road lights to fog/driving lights. Some 82% of all outlets, from drug stores to jobbers, told us they sold at least some sort of auxiliary lighting products. And, the mean SKUs (Stock Keeping Units) for all stores were 161 (this mean includes a half a dozen specialist stores which raised the mean considerably higher than a mean of general auto parts or merchandise stores alone); mean turns were five; amount of linear footage of shelving devoted to auxiliary lighting in the average store was 16; and overall average gross margin in the average store was 33.8%.

Automotive Parts Chain Stores

Automotive parts chain stores — including light truck, rally, and off road specialists — stock the most auxiliary lighting products, with a mean number of 214 SKUs. These mass merchants in the aftermarket also report the best annual turns, at six and a half turns. These types of stores also have the highest gross margin percentages, at 34.2%, in their average stores on the sales of auxiliary lighting products. However, they do not devote the most number of linear footage of shelving to auxiliary lighting as companies with service bays. The mean amount of display space dedicated to these products by chain stores is 19, while chains with service have a mean amount of 21 linear feet of auxiliary lighting products.

Independent Auto Parts Stores

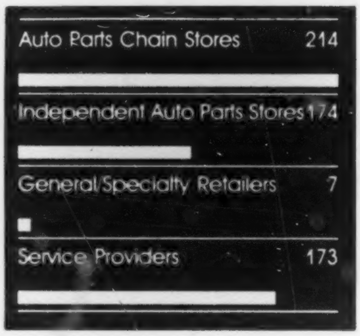
The average independent auto parts store stocks some 174 SKUs of auxiliary lighting products, almost half the amount stocked by larger chain stores. Its turn rate, at 4.6, is also considerably lower than those of chain stores. Some 15 linear footage of shelving, on the average, are filled with auxiliary lighting in the independent auto parts store — virtually the same as the overall mean of all stores selling automotive products. As well, average gross margins, at 33.6%, are virtually the same as the overall mean.

Non-Automotive Retailers

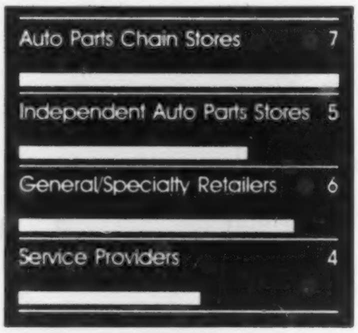
Non-automotive retailers — from department stores to drug stores — offer only seven SKUs of auxiliary lighting products on average. They devote, on average, some 19 linear feet of shelving to the products — not much less space than used by automotive stores to display many times the amount of merchandise. However, they do some five and a half turns on average with these products. And, their gross margins in an average store come to 33%.

Chains With Service Bays

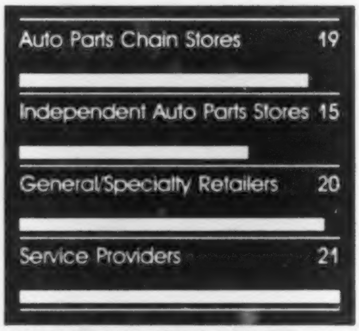
Chains with service bays offer virtually the same number of auxiliary lighting SKUs, at 173, as do independent auto parts stores. And, their turns, at 4.8, are also almost the same as those of independent auto parts store. Average gross margins, at 33%, are basically the same as other types of retail outlets. However, they report using, on average, slightly more linear footage of shelving to display the products, at 21 feet, than any other type of operation. ■



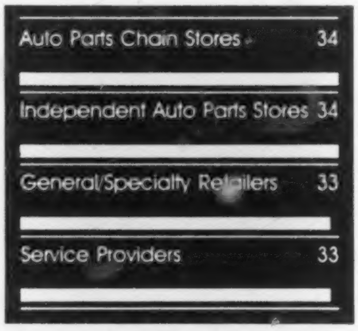
SKUs STOCKED IN AVERAGE STORES



ANNUAL TURNS IN AVERAGE STORES



LINEAR SHELVING FEET DEVOTED TO AUXILIARY LIGHTING



OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

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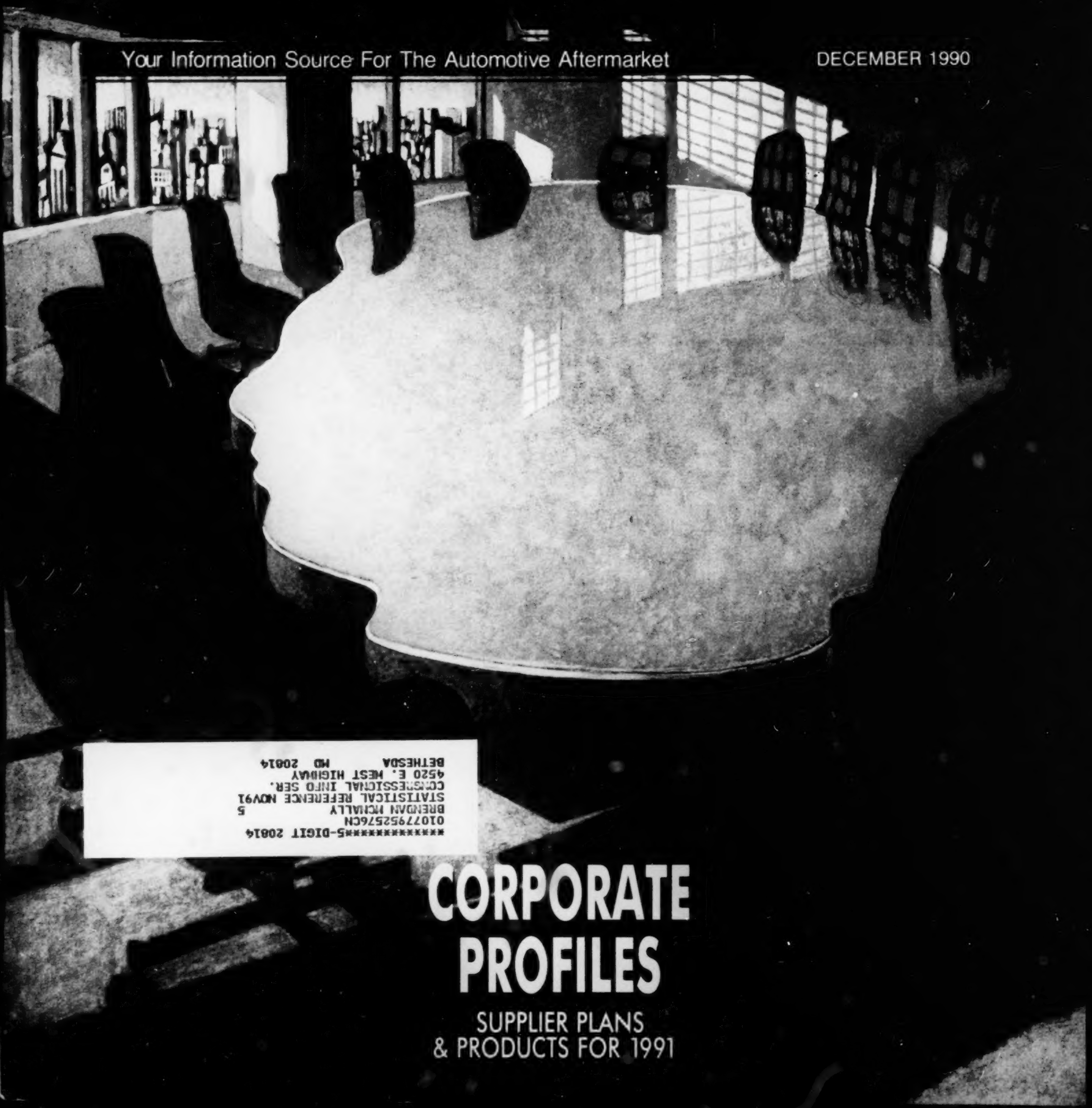

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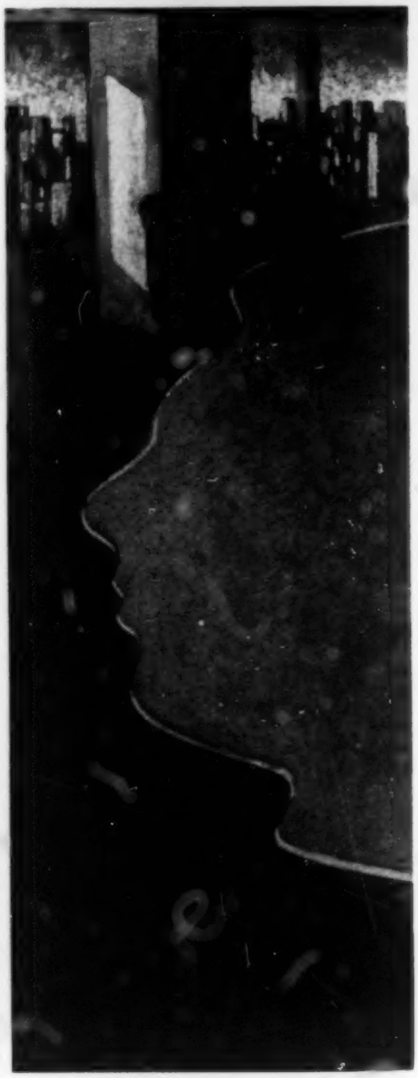

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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

Philip Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Amplosk,
Contributing Editor

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

Chilton Officers:
Gary Ingersoll, President; Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine.
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President
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Lubes Reach 5,000, But Growth Is Slower

The quick lube industry is basically healthy, even if growth has slowed somewhat.

Larry Northrup, executive director of the Convenient Automotive Service Institute, Bethesda, MD, which represents about 105 quick lube members with close to 2,000 quick lubes, called it simply "soft." Northrup said the reasons were many: "the national economy, real estate costs are up, financing has dried up, a wariness on dealing with savings and loans banks, the Jiffy Lube situation, and the big oil companies curtailed expansion plans." Still, Northrup said there was no downturn in the industry. "There are no massive failures and the leaders are still growing."

And The Leaders Are:

The industry leaders remain the retail oil companies: Pennzoil, Houston (Jiffy Lube), Quaker State, Oil City, PA (Minit Lube), and Valvoline, Lexington, KY (Instant Lube).

Jiffy Lube, largely owned by Pennzoil, Houston, runs about 1,050 lubes. This year, Pennzoil consolidated its control of Jiffy Lube, replacing founder Jim Hindman with new president and CEO J. Ronald Calabrese. In addition, the com-

A PROFILE OF QUICK LUBES

The Convenient Automotive Service Institute, Bethesda, MD, recently surveyed about 200 quick lube operators with more than 700 outlets in all parts of the country. Here is a profile of the typical quick lube.

Typical Quick Lube
3 bays
4.2 years in business
1.3 managers
4.3 full time technicians
1.9 part time technicians
2.6 employees per position per year in annual turnover

How It Adds Up	
Average starting pay:	$4.61/hour
Average labor cost per car:	$5.86
Average charge per car:	$25.06
Average basic lube, oil, filter change charge:	$21.22
Average cars serviced daily:	44.5
Average Daily Gross:	$1,115.17
Average total operating costs:	$242,000
Average Annual Sales:	13,870 gallons of oil
Average Annual Sales:	13,200 oil filters
Average Annual Sales:	4,000 air filters

Yearly Income	**% Of Owners**
Less than $100,000	13%
$100,000-$ 250,000	25%
$250,000-$ 400,000	38%
$400,000-$ 500,000	9%
$500,000-$1,000,000	15%
More than$1,000,000	1%

Pre-Tax Profits As % Gross Sales	**% Of Owners**
under 5%	27%
6-10%	21%
11-15%	22%
16-20%	21%
More than 21%	9%

Source: Convenient Automotive Service Institute

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pany has been assuming ownership from shaky franchisers and now owns about 200 Jiffy Lubes. In addition to Jiffy Lube, Pennzoil also supplies about 550 independent lubes.

By year end, the number two operator, Quaker State, will have about 470 Minit-Lubes up and running. Number three, Valvoline, will have almost 300 Valvoline Instant Oil Changes operating. Both foresee slower growth and an increased emphasis on profitability in 1991.

The largest independent, Grease Monkey, Denver, which franchises about 165 outlets and owns 12, almost sold out to 11-store Pit Stop Auto Centers, Oklahoma City. Pit Stop had raised $4 million for expansion with a July public offering. However, Grease Monkey president Art Sensenig said the two could not agree. Pit Stop president Tom Hays said Pit Stop will continue to seek additional locations.

While most all the oil companies have shown interest in the quick lube market, and many independent lubes have oil purchase contracts with major oil companies, only Texaco, Houston, actually has a large number of signed outlets. There are more than 200 Texaco Express Lubes now running. Texaco also unveiled a quick lube operation that can be appended to existing Texaco service stations.

New Car Dealers, Too

The largest quick lube growth in 1990 came from new car dealers. General Motors, Ford, and Chrysler all set up quick lube programs for participating dealerships. GM has close to 2,000 operating, Ford about 200 signed up, and Chrysler close to 500.

The National Association of Independent Lubes (NAIL), Dallas, which represents 362 members with about 500 stores, estimates the quick lube industry now has about 30% of the total installed market for oil changes and will gain a 50% market share by mid-decade. The total number of quick lubes (excluding car dealers) is about 5,000.

Environmental, governmental, and recycling issues got top consideration at both CASI and NAIL national conventions recently. Both Northrup and Tom Whennan, NAIL president, stressed that recycing and environmental issues could cripple the fast growing industry.

NAIL's Whennan said the industry is now selling quality and convenience rather than the 10-minute aspect of the business. "We're stressing service rather than speed. A lot of operators are finding additional services such as additive products and cleaners, radiator flushes, tune-ups, and car washes." ■

TRADE SHOWS

APAA Show Attracts 10,349 Buyers

"No one in the industry need wonder about the viability of the Automotive Parts & Accessories Association (APAA) Show," Jim Thomas, APAA chairman, said following the October 23-25 event.

"The results of APAA 1990, held so closely on the heels of the Specialty Equipment Market Association (SEMA) Show, has made it abundantly clear now – if it wasn't before – that the APAA Show has secured its place in the mainstream of the automotive aftermarket," Thomas, of Maremont Corp., said.

Lots Of Buyers

Buyer attendence at APAA's Chicago event was 10,349 while total attendence reached 26,615. Among the attendees were more than 1,000 overseas buyers. By comparison, the 1990 SEMA Show, held two weeks earlier in Las Vegas, recorded 16,653 buyers and total attendence of 34,373.

A total of 809 exhibitors rented booth space at APAA, accounting for 2,461 booths or 246,100 square feet of McCormick Place North. This is a decline of about 110 exhibitors from the 1989 show when 920 exhibitors bought 2,625 booths. The all-time high APAA Show came in 1987 when 1,066 exhibitors occupied 2,963 booths.

Trade Show Future

APAA offered attendees a chance to vote on their preferences for future trade shows. Some 2,200 votes are now being analyzed and results will be released. Thomas stressed that APAA is still seeking a single industry show.

Thomas also noted that APAA is flexible and willing to discuss trade show issues. For example, while a Chicago show is APAA's preference, APAA realizes not everyone agrees with the preference, and that APAA alone cannot decide the issue, according to Thomas.

Thomas called for a public poll, sanctioned by all involved associations, to determine times and places for such a show. ■

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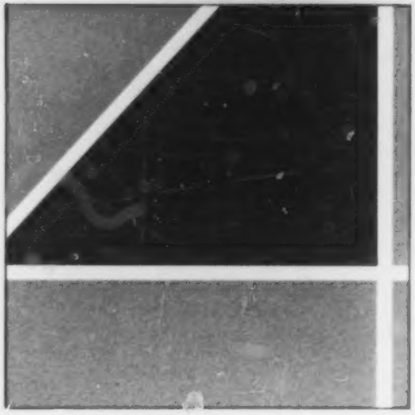

FEATURES

**The Four Ages of the DIYer:
DIYers Less Than 25-Years-Old** 15
A look at young DIYers, what automotive products they buy, and where they buy them.

The *Automotive Marketing* Statistical Section 20
From the number of vehicles registered to the number of products sold, numbers make our market move. Here's a look at some of those numbers.

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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

Philip Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Amplosk,
Contributing Editor

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

Chilton Officers:
Gary Ingersoll, President; Senior Vice President Publications, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine.
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JESSE H. NEAL
AWARD-WINNING
PUBLICATION
FIVE OUT OF
EIGHT YEARS

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safety and performance.

The first half of the decade, Miles said, we'll see:

- Fewer turbos and more superchargers
- All fuel injection
- Four speed automatic transmissions
- Better combustion chambers through computer modeling
- More emission parts

In the second half of the decade, Miles expects two-stroke engines, more work on diesels, and a mass produced electric car.

When it comes to suspensions, Richard Gray, director of vehicle evaluation at Nissan Research, Carson, CA, praised the new Nissan Infinity Q45's active suspension system that keeps the car level on all surfaces. He compared the system to a cheetah.

"There'll be no more vinyl, no wire wheels and no chrome glitz," John Herlitz, director of exterior design at Chrysler's Product Design Office in Highland Park, MI, said. Running through a series of show cars, Herlitz predicted space, convenience and visibility would influence 1990s designs. In the long term, environmental concerns mean recyclable cars are a possibility.

Hiroshi Arai, general manager of Electrical and Electronics Engineering for Toyota in Aichi, Japan, clearly predicted electronic innovations in four areas:

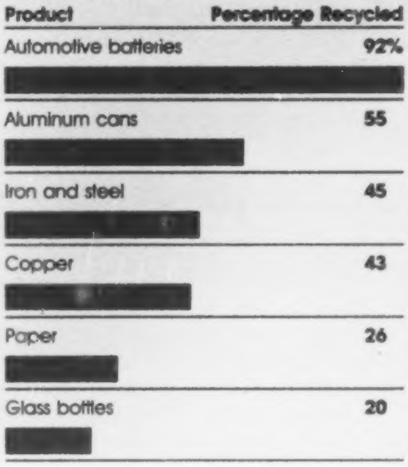
- More vehicle performance information
- Better and faster instrument readings
- Exterior information such as rear cameras and radar
- Internal communication and navigation systems

In terms of service, John King, manager of Parts and Service Engineering for Ford, Dearborn, MI, saw few changes in basics such as filters, plugs, belts and hoses. He did see retrofits in fuel injection and new software. Accessories will expand while service centers will stress quick diagnostics and replacements.

Finally, Jim Dick, manager of Marketing Technical Services for Exxon, Houston, examined the role of fuels and lubricants in keeping up with new technology. Higher octanes and better oils will be needed. ■

Recycling Rates For Various Materials

Tom Minner, who was recently named vice president and general manager of GNB's Automotive Battery Division, Atlanta, sent us an interesting chart on the percentage of recycling for various material. Some 92% of automotive batteries are recycled, according to GNB. The company's aim is 100%. GNB's Resource Recycling Division, based in St Paul, MN, and headed by general manager Ed Puckett, reclaims used batteries for GNB.



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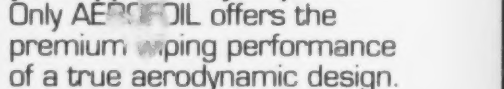

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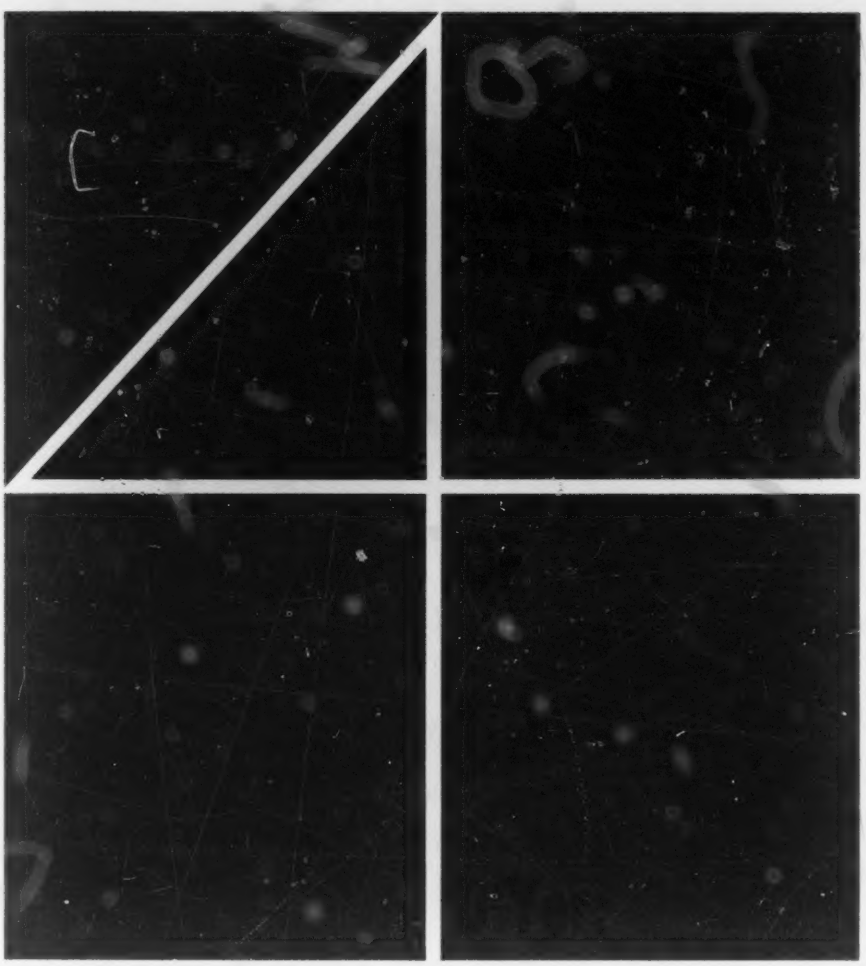
LESS THAN 25 YEARS OLD



How do DIYers differ by age? As the population grows older, retailers must know.

by **Phil Katcher,**
Business Editor

When one looks at the general population trends in the U.S., one is struck by what demographers are calling "the graying of America." The population is getting older. In the past, automotive retailers selling to DIYers depended on young hot rodders as a basic mainstay of their businesses. At the same time, they often wrote off the older segment of the population as less interested in—even less capable of—automotive DIY tasks.

This will have to change.

To face this trend, retailers have to know about DIYers according to their ages, their shopping trends, their vehicle maintenance trends, what they can and can't do, how much they can or can't spend on automotive products. Drawing on data from the 1990 *Automotive Marketing Consumer Automotive Repair Study (CARS)*, this article looks at young DIYers.

The Young DIYer

DIYers who are 25-years-old or younger are still a very good group to sell to. They like working on their cars. They've increased the amount of automotive DIY work they do over what they had done in the recent past. They plan to spend even more time doing this kind of work in the future.

Yet there's room for personal growth.

THE TOP FIVE PRODUCTS THEY PURCHASE AND INSTALL THEMSELVES

We asked DIYers 25 years old or younger what automotive products they bought and installed themselves

Motor Oil	**89%**
Antifreeze/coolant	**69**
Filters	**65**
Functional fluids	**59**
Wax/polish	**56**

HOW THEY SEE THEMSELVES AS DIYERS

We asked DIYers 25-years-old or younger how they saw themselves as automotive DIYers.

Medium	**44%**
Light	**30**
Dedicated	**26**

Right now, they're doing mostly easy tasks, the oil change type of job. They call themselves "moderate" rather than "dedicated" DIYers. And, they'd like to learn how to do more complicated jobs like rebuilding engines.

Most younger DIYers are male. At the same time, the study *1988 Buyers of New Cars*, produced for *Newsweek* Magazine, indicates that of all new car buyers 25-years-old or younger, only 39% are male. These younger new car buyers are often first time buyers whose vehicles are still under warranty. Others drive used cars.

Over half make less than $30,000 a year, while only 12% make more than $50,000 annually. However, the *Newsweek* study indicates that 36% of

HOW MUCH THEY ENJOY AUTOMOTIVE DIY WORK

We asked DIYers 25-years-old or younger how much they enjoyed working on their vehicles.

Somewhat	44%
A lot	24
Not too much	18
Not at all	15

IS THEIR DIY WORK LEVEL GROWING?

We asked DIYers 25-years-old or younger how their involvement level with automotive DIY work had changed over the past five years.

Increased	60%
Stayed the same	35
Decreased	5

WILL THEIR DIY WORK LEVEL GROW?

We asked DIYers 25-years-old or younger if they their automotive DIY work load changing in the future. What they said is encouraging.

Will increase	50%
Will stay the same	42
Will decrease	8

WHAT DO THEY WANT TO LEARN TO DO?

We asked DIYers 25-years-old or younger what automotive jobs they'd like to learn how to do. The top five jobs are:

Oil change	12%
Rebuilding an engine	12
Body work	9
Tune-ups	7
Engine maintenance	6

HOW OFTEN DO THEY SHOP FOR AUTOMOTIVE PRODUCTS?

We asked DIYers 25-years-old or younger how often they shopped for automotive products annually.

More than 30 times	19%
Ten times	13
Monthly	11
Three times	9
Five times	6

WHERE THEY BUY AUTOMOTIVE PRODUCTS

We asked DIYers 25-years-old or younger where they shopped for automotive products.

Auto parts store	96%
Discount store	59
Gas station	48
Specialty stop	44
Department store	40

new car buyers 25-years-old or younger make $50,000 annually.

What They Drive

Domestic car brands are still big sellers with this group. Chevrolet tops the list of cars they drive, followed closely by Ford. And, Pontiac is the fifth biggest seller, with two Japanese imports completing the top five list. Among new car buyers 25-years-old or younger, according to *Newsweek*, 39% bought Asian-made cars while only 9% bought domestic cars.

Apparently there are a number of students in this group. In all, just over a third say they have some college, while only 17% have finished college.

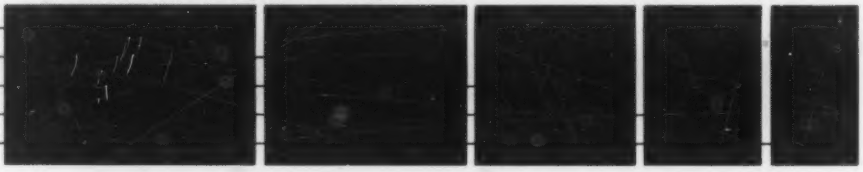
Most younger DIYers, too, have never been married. This frees up discretionary dollars for automotive parts, chemicals, and accessories—purchases that might otherwise go to establishing new homes. The National Association of College Stores, Oberlin, OH, found that 10% of all college discretionary income was spent on car care, only slightly less than was spend on the two biggest budget items, food and clothing.

So, the bulk of DIYers 25-years-old or younger are single male students who own used domestic vehicle and now must maintain it themselves because they can't afford professional mechanics. However, they enjoy doing the work and see themselves doing even more of it in the future. And, since virtually all of them buy automotive products at auto parts stores, the future looks good for the overall industry's future. ■

WHAT DO THEY DRIVE?

We asked DIYers 25-years-old or younger what was the brand name of the car they drove. The top five are:

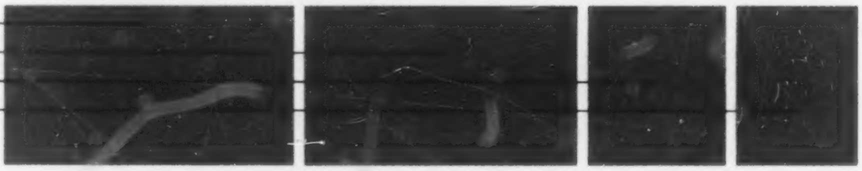
Chevrolet	19%
Ford	16
Toyota	11
Honda	6
Pontiac	5



HOW WELL THEY'RE EDUCATED

We asked DIYers 25-years-old or younger what level of education they'd reached.

Some college	35%
High school graduate	33
College graduate	17
Less than high school	15



THEIR MARITAL STATUS

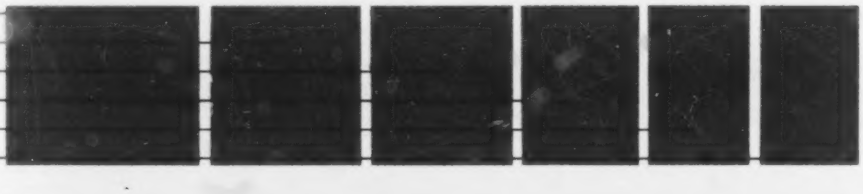
We asked DIYers 25-years-old or younger what their marital status was. Most are still single.

Never married	74%
Married	22
Divorced/separated	4
Widowed	0

THEIR INCOME RANGE

We asked DIYers 25-years-old or younger how much their total household income was.

$20-30,000	22%
$10-20,000	18
Less than $10,000	17
$40-50,000	14
$30-40,000	12
Over $50,000	12

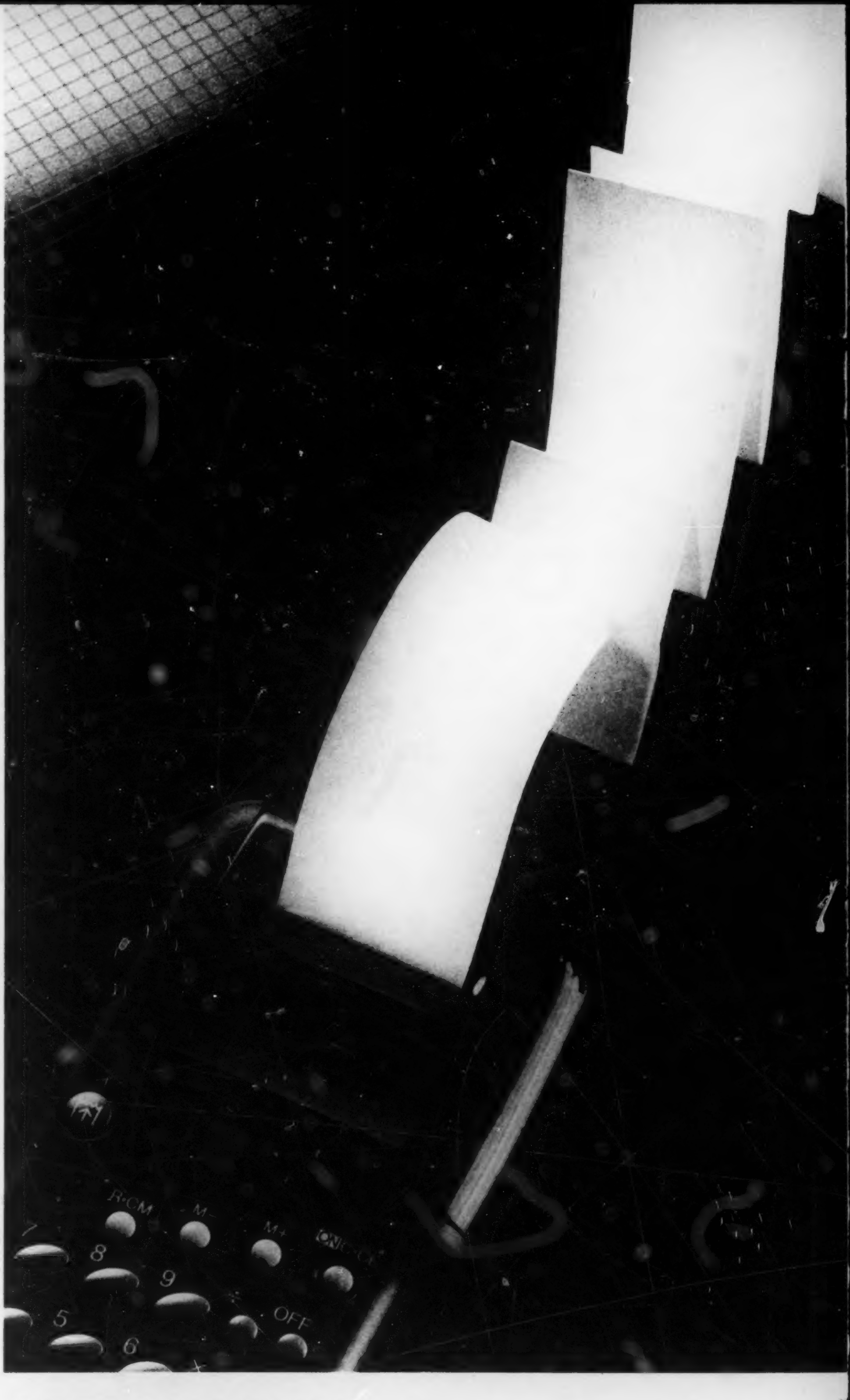


THEIR SEX

We asked DIYers 25-years-old or younger if they were men or women.

Male	65%
Female	35

(Answers may not equal 100% due to rounding and refusals to answer)



AFTERMARKET STATISTICAL SECTION

Everyone's crying recession. But sales of some categories were up in 1989.

by Phil Katcher, Business Editor

Sales of some aftermarket products really jumped in 1989 when compared to 1988. Exterior cleaners, such as wax and polish and tire cleaners, took a record leap from 15,264,637 to 31,643,000 containers sold. Motor oil went from 1,105,750,000 to 2,393,000,000 gallons. Containers of refrigerants went from 84,967,712 to 96,131,000. Brake cleaner sales went from 27,873,209 containers to 29,472,000.

Smaller, but real gains were posted by replacement batteries which went from 63,847,000 to 64,433,000. Engine degreaser sales rose from 25,247,390 to 26,295,000 containers. Windshield and lock deicer container sales rose slightly from 5,354,029 to 5,549,000.

On the other hand, sales of antifreeze/coolant, which went from 140,890,160 separate gallons to 90,892,867 separate gallons, fell. Carb and choke cleaner sales fell from 53,434,555 containers to 47,146,000 containers. These were, however, the only two products for which there are hard, reliable sales data which indicated a decline.

As well, the total American fleet of cars and light trucks grew from 171,609,549 in 1987 to 184,396,732 in 1988. This bodes well for the continued growth of the aftermarket in the long run.

Some New Data

This year, we've enlarged the *Automotive Marketing* Statistical Section with some new data.

For example, one chart examines what specific age groups spent on transportation, transportation (read personal vehicle) repairs and maintenance, and gas and oil. The baby boomer generation is clearly spending the big bucks in this area. They are the audience to be pursued. But, it's just as clear that other age groups do spend significant sums and should not be ignored.

Another interesting set of data compiled from U.S. Department of Commerce figures compares warehouse distributors to what they still call "home and auto stores." In the last year they studied, 1987, almost 29,000 WDs had sales of $62,455,757,000. At the same time, 46,207 home and auto stores had sales of only $25,460,270,000!

How Many Retailers Are There?

Another especially interesting item lists the numbers given by several different sources, drawn from different studies, of how many aftermarket auto parts store retailers there are. Most seem to group the number around 45,000 retailers. However, the numbers vary from 34,200 given by the Specialty Market Equipment Association, Diamond Bar, CA, to 60,290 given by American Business Information, Omaha, NE.

The latter, large number comes from a compilation of yellow pages listings under "auto parts and accessories, new" or some variation thereof. In a rough, ad-

PRIME DIYERS' CARS

DIYers do the most work on cars that are around seven years old instead of newer or older. Stocking, therefore, to meet their demands requires knowing what sort of cars sold best seven years ago. Below, we list the 1984 car models and the numbers of each specific model sold that year. The scrappage rate of cars in use on July 1, 1984 was 6.1%, according to Paine Webber, New York.

Cars	Number sold
Alfa Romeo	3,702
AMC	
Eagle	20,654
Renault Alliance	100,366
Renault Encore	69,235
Audi	
5000	41,067
4000	15,278
5000 Turbo	6,380
Quattro 4000	3,923
Coupe	3,508
Quattro Turbo	64
BMW	
318i	28,661
325e	15,772
528e	10,533
735i (733i)	8,359
535i (533i)	4,876
635i (633CSi)	2,697
Chrysler Corp.	
Plymouth	
Turismo (TC3)	47,109
Horizon 4-door	78,298
Reliant	138,154
Caravelle	9,074
Gran Fury	16,609
Colt	32,819
Vista	7,465
Conquest	3,013
Sapporo	331
Chrysler	
LeBaron	98,842
LeBaron GTS	2,494
Cordoba	124
Fifth Avenue	94,340
New Yorker	79,568
Laser	53,131
Dodge	
Charger (O24)	51,940
Omni 4-door	67,933
Aires	111,984
Daytona	44,717
Dodge 600/400	61,828
Lancer	1,980
Diplomat	28,623
Colt	36,560
Vista	7,805
Conquest	3,220
Challenger	505
Miranda (Magnum)	250
Fiat	
Ferrari	568
Spider	208
Lancia	27
X 1/9	143
Strada	40
Ford Motor Co.	
Ford	
Ford	169,253
Thunderbird	154,865
LTD	196,907
Tempo	256,532
Escort	353,578
EXP	31,213
Mustang	138,296
Mercury	
Mercury	143,594
Cougar/XR7	120,964
Marquis	103,722
Topaz	73,454
Lynx	67,725
Capri	17,739
Lincoln	
Lincoln	90,869
Mark	29,496
Continental	31,110
General Motors	
Chevrolet	
Chevrolet	258,902
Corvette	30,424
Monte Carlo	116,820
Celebrity	322,189
Camaro	202,172
Citation	92,174
Cavalier	377,545
Chevette	164,917
Sprint	10,927
Spectrum	2,077
Pontiac	
Pontiac	62,084
Grand Prix	71,609
6000	191,219
Grand Am	16,751
Firebird	101,414
Phoenix	13,202
Fiero	93,485
Sunbird/2000	126,916
1000	28,004
Oldsmobile	
Oldsmobile	358,712
Toronado	41,605
Calais	14,881
Cutlass/Ciera	544,296
Omega	34,103
Forenza (Starfire)	62,456
Buick	
Buick	248,728
Riviera	53,398
Somerset	13,811
Century/Regal	399,227
Skylark	104,589
Skyhawk	121,858
Cadillac	
Cadillac	195,177
Eldorado	70,577
Seville	36,249
Cimarron	18,014
Honda	
Accord	123,049
Civic	137,401
Prelude	66,924
CRX	45,221
Isuzu	17,233
Jaguar	18,044
Mazda	
626	70,135
RX7	54,310
GLC	45,221
Mercedes-Benz	
190E	17,704
300D	16,659
300SD	12,889
380SL	9,288
380SE	7,135
190D	5,309
500 SEL	4,557
300 TD	2,465
500 SEC	1,651
Mitsubishi	
Tredia	13,724
Cordia	13,194
Starion	6,375
Mirage	3,101
Galant	2,710
Nissan	
Sentra	189,488
300 ZX	73,101
Maxima	68,209
200 SX	63,466
Stanza	44,612
Pulsar NX	37,284
Peugeot	
505	15,908
505 Turbodiesel	3,815
604 Turbodiesel	284
Porsche	19,611
Renault	
Fuego	9,272
Sportwagon	2,971
Saab	
900 Turbo	14,408
900S	9,991
900	8,369
Subaru	
DL/GF FWD	101,555
DL/GF 4WD	50,988
Brat	4,840
Toyota	
Corolla	157,875
Tercel	103,013
Camry	93,725
Celica	85,213
Cressida	34,466
Van	33,626
Supra	29,871
4Runner SR5	6,498
Land Cruiser	4,037
Starlet	260
Volkswagen	
Jetta	37,750
Quantum	18,055
Vanagon	17,399
Scirocco	17,138
Cabriolet	11,068
Volvo	
DL	44,339
GL	24,271
GLT	9,866
Diesel	5,589
760 Turbo	4,794
760 GLE V6	4,078
760 Turbodiesel	3,485
740 GLE	1,446
740 Turbo	47

Sources: Domestic car data, Motor Vehicle Manufacturers Association. Imported car data, copyright 1985, Ward's Communications, Inc. Reprinted with permission.

PERSONAL CONSUMPTION EXPENDITURES FOR TRANSPORTATION (in millions)

	1966	1968	1970	1972	1974	1976	1978	1980	1982	1984	1986	1987	1988	1989
Tires, Parts, Accessories	3,434	3,944	6,065	7,970	9,639	11,367	13,706	16,684	20,234	23,421	26,481	28,693	31,294	32,420
Repairs [1]	7,393	8,864	11,248	13,922	17,615	22,134	28,016	32,327	35,441	42,838	51,952	55,501	62,476	69,754
Gas, Oil	15,962	18,422	21,997	24,879	36,293	43,046	51,301	83,721	89,090	90,006	73,457	75,162	76,786	83,952

[1] Includes lubricating, washing, parking, storage, and rental

Source: Motor Vehicle Manufacturers Association; U.S. Department of Commerce, Bureau of Economic Analysis

mittedly unscientific study *Automotive Marketing* conducted by scanning a number of different volumes of yellow pages about a third of the companies listed appear to be new car dealers who take a multiple listing under auto parts as well as under automobiles. If this rough third were true nationally, it would remove some 20,000 from the large number to bring it into general agreement with the other estimates.

PERSONAL CONSUMPTION EXPENDITURES FOR TRANSPORTATION BY AGE GROUP

(Total households in thousands and average annual expenditures for the year 1988 by age of households)

	Total /Avg	-25	25-34	35-44	45-54	55-64	64-74	75+
All Households	94,862	7,216	21,985	19,911	13,601	12,546	11,319	8,284
All Transportation	$5,093	$3,911	$5,479	$6,369	$6,641	$4,603	$3,975	$1,760
Repairs & Maintenance	$ 553	$ 361	$ 524	$ 744	$ 666	$ 587	$ 442	$ 253
Gas, Oil	$ 932	$ 659	$ 923	$1,152	$1,243	$ 970	$ 729	$ 367

Source: Margaret Ambry, "The Age Of Spending," *American Demographics Magazine*, November, 1990, p. 20

[illegible]

State	Passenger Cars 1975	Passenger Cars 1985	Passenger Cars 1988	Light Trucks 1988	Total Fleet 1988
Alabama	1,900,295	2,343,261	2,919,814	845,564	3,880,981
Alaska	142,717	219,590	229,279	114,519	361,883
Arizona	1,064,348	1,562,722	1,927,503	729,195	2,704,872
Arkansas	864,803	900,065	844,810	509,559	1,427,050
California	11,226,325	14,723,189	16,496,522	3,660,324	21,336,964
Colorado	1,439,779	2,016,522	2,121,998	687,680	2,923,471
Connecticut	1,793,158	2,306,432	2,490,237	118,196	2,651,927
Delaware	289,164	369,407	397,286	94,604	511,940
District of Columbia	236,010	308,343	247,136	7,547	264,023
Florida	4,449,154	7,849,144	8,713,198	1,749,745	10,983,654
Georgia	2,509,519	3,358,953	3,690,981	1,322,590	5,196,220
Hawaii	349,619	569,086	613,750	76,121	704,711
Idaho	406,593	531,854	594,228	288,392	940,178
Illinois	5,350,375	6,104,331	6,403,462	1,161,021	7,864,935
Indiana	2,565,270	2,988,820	3,069,935	845,188	4,169,246
Iowa	1,542,796	1,937,601	1,817,383	537,050	2,567,746
Kansas	1,241,497	1,474,205	1,523,226	547,247	2,209,913
Kentucky	1,675,990	1,773,567	1,861,754	792,130	2,795,077
Louisiana	1,661,389	2,067,013	1,970,360	875,316	2,937,549
Maine	499,474	620,473	709,075	190,751	941,273
Maryland	2,072,302	2,720,700	2,857,979	518,772	3,468,247
Massachusetts	2,775,670	3,268,503	3,322,044	405,074	3,818,312
Michigan	4,627,816	5,356,975	5,556,109	1,263,425	7,141,491
Minnesota	1,952,401	2,625,831	2,503,362	511,008	3,210,357
Mississippi	989,844	1,329,424	1,362,686	353,267	1,786,859
Missouri	2,177,361	2,622,141	2,707,929	922,787	3,794,442
Montana	370,000	394,510	430,072	229,109	722,554
Nebraska	824,285	835,785	877,894	336,782	1,328,232
Nevada	345,648	511,760	574,212	209,511	808,303
New Hampshire	404,574	813,600	733,529	161,355	928,114
New Jersey	3,735,985	4,413,999	5,222,761	356,375	5,737,852
New Mexico	554,578	746,068	788,415	428,918	1,266,560
New York	6,735,148	7,901,004	8,558,985	1,057,584	9,837,608
North Carolina	2,860,249	3,247,486	3,597,092	1,179,694	5,022,628
North Dakota	330,851	381,200	385,028	194,554	655,084
Ohio	6,206,000	6,288,050	7,003,826	1,328,486	8,612,018
Oklahoma	1,432,477	1,854,553	1,666,947	743,685	2,554,018
Oregon	1,331,000	1,320,294	1,749,425	444,694	2,315,691
Pennsylvania	6,589,466	5,889,416	6,253,550	1,143,636	7,766,029
Rhode Island	498,777	518,896	555,313	95,638	670,813
South Carolina	1,400,479	1,683,435	1,799,425	540,376	2,413,912
South Dakota	336,062	404,220	413,668	231,499	692,632
Tennessee	2,092,996	2,944,971	3,373,276	739,966	4,225,490
Texas	6,217,464	8,562,581	8,455,744	3,415,580	12,406,213
Utah	587,133	739,627	786,942	328,706	1,159,435
Vermont	233,390	301,435	334,428	102,665	452,846
Virginia	2,709,506	3,641,696	3,625,109	891,217	4,670,337
Washington	1,883,271	2,484,484	2,753,299	969,567	3,887,314
West Virginia	734,659	818,678	906,488	315,573	1,286,634
Wisconsin	2,126,273	2,457,806	3,169,217	596,827	3,901,106
Wyoming	202,267	286,118	285,190	151,426	481,988
Total	106,712,551	132,108,164	141,251,695	35,320,494	184,396,732

Sources: Motor Vehicle Manufacturers Association, U.S. Department of Transportation's Table MV-9

[illegible]

(A comparison of various estimates)

Study	Year	Stores
Census [1]	1987	46,207
FAIR [2]	1989	40,000
Directories [3]	1989	60,290
Directory [4]	1989	40,900
Market Study [5]	1989	34,200

[1] "Home and auto stores." U.S. Department of Commerce, Bureau of the Census, 1987 Economic Census

[2] "Auto parts." *The Retail Distribution of Automotive Products*, Automotive Parts & Accessories Association, Bethesda, MD, 1989, p. iv

[3] "Auto parts and accessories retailers." American Business Information, Omaha, NE

[4] "Auto parts stores." *1989/90 Directory of Automotive Aftermarket Suppliers*, Lebhar-Friedman, Inc., New York, p. xxii

[5] "Automotive Chain Stores" and "Full-Line Auto Parts Stores." *1990 SEMA Market Study*, Specialty Equipment Market Association, Diamond Bar, CA, p. 3

[illegible]

Item	Unit	1989
Batteries, Replacement	Units	64,433,000
Antifreeze/ Coolant	Separate gallons	90,892,867
Cleaners, Brake	Containers	29,472,000
Cleaners, Carb & Choke	Containers	47,146,000
Cleaners, Exterior	Containers	31,643,000
Degreasers, Engine	Containers	26,295,000
De-Icers, Windshield, Lock	Containers	5,549,000
Motor Oil	Gallons	2,393,000,000
Refrigerants	Containers	96,131,000
Tire Inflators & Sealants	Containers	33,958,000
Tires	Units	153,281,000

Sources: Chemical Specialties Manufacturers Association, Battery Council International, National Petroleum Refiners Association

[illegible]

Item	1982	1987
Wholesalers		
Wholesalers	28,712	28,901
Wholesale Sales (+000)	$44,611,647	$62,455,757
Wholesaler Payroll (+000)	$ 4,415,328	$ 5,478,009
Wholesaler Employees	268,406	279,562
Home and Auto Stores		
H&A Stores	40,896	46,207
H&A Sales (+000)	$19,638,244	$25,460,270
H&A Payroll (+000)	$ 3,072,341	$ 4,151,948
H&A Employees	229,139	286,155

Source: U.S. Department of Commerce, Bureau of the Census, 1987 Economic Census, September, November 1989

[illegible]

(In millions of dollars)

Item	1982	1987
Ball Joints	$59	$53
Brake Rotors	24	38
Brake Shoes	44	109
Exhaust Pipes	230	303
Filters, Fuel	42	52
Filters, Oil	403	514
Mufflers	266	358
Universal Joints	57	130
Wheels, Aluminum	46	36
Wheels, Steel	163	88
Wiper Blades	5	35

Source: U.S. Department of Commerce, Bureau of the Census, 1987 Census of Manufactures, July 1989

In 1984, by the way, the Automotive Parts & Accessories Association, Bethesda, MD, released through The Foundation for Aftermarket Research (FAIR) figures indicating that in 1983 there were 38,000 auto parts stores. ■

C215-10

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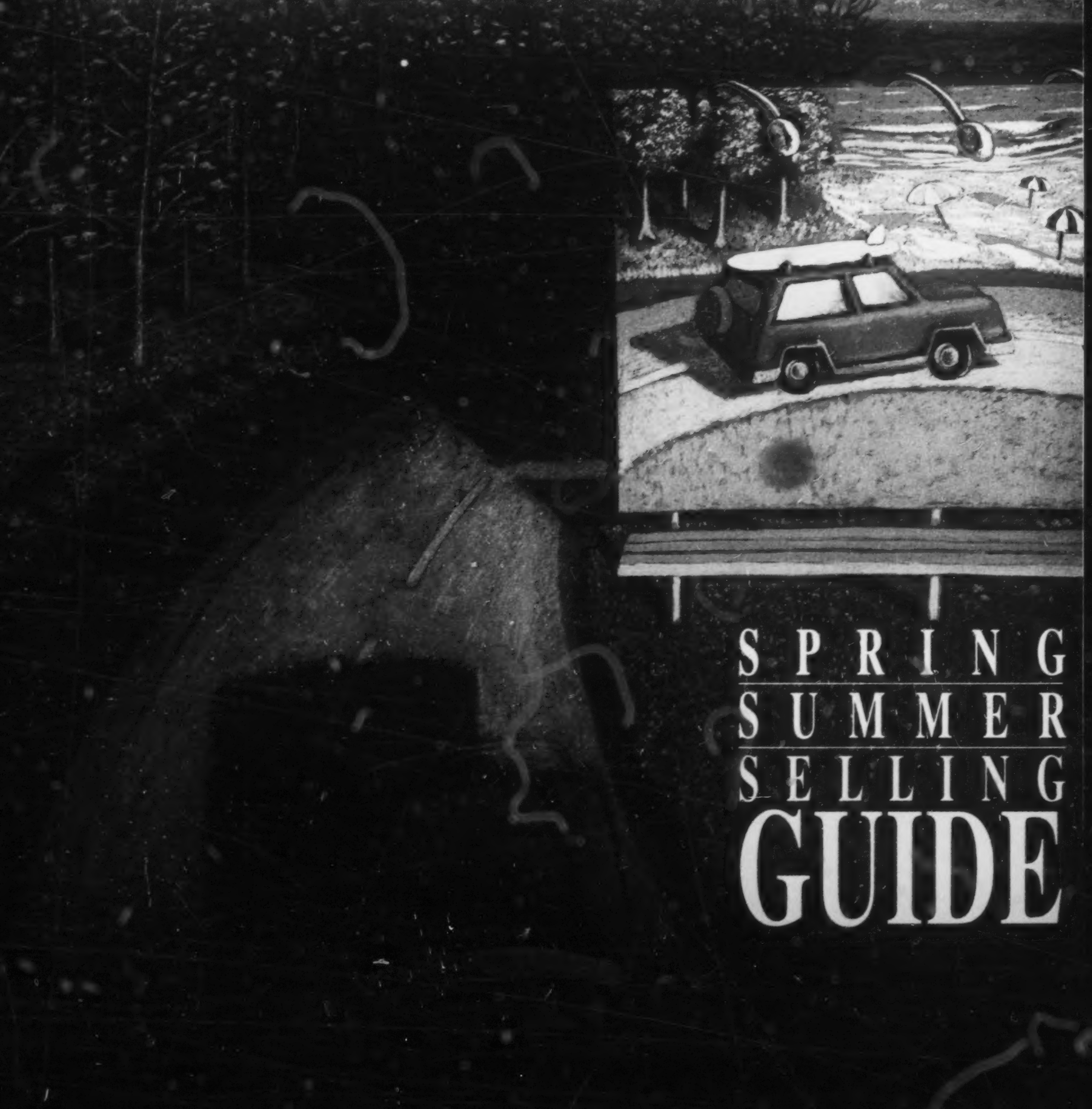
FEBRUARY 1991



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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

Philip Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Amplosk,
Contributing Editor

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

Chilton Officers:
Gary Ingersoll, President; Senior Vice President Operations, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine.
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JESSE H. NEAL
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FIVE OUT OF
EIGHT YEARS

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MARKET LINE

Exhaust Manufacturers Are Cautiously Optimistic For 1991

"Cautiously optimistic," were the words Jim Thomas, president of the Maremont Exhaust Systems Products Div. of Arvin Industries, Carol Stream, IL, used to describe the exhaust market for 1991. That's a change from the last time we examined the exhaust market so we took a closer look.

The exhaust market is a mature one. Manufacturers count on OE exhaust systems wearing out through condensation, bad weather, or simple wear and tear in four to five years. Traditionally, sales track even with the growth of the 2-to-11 years old vehicle population leading to slow but steady sales.

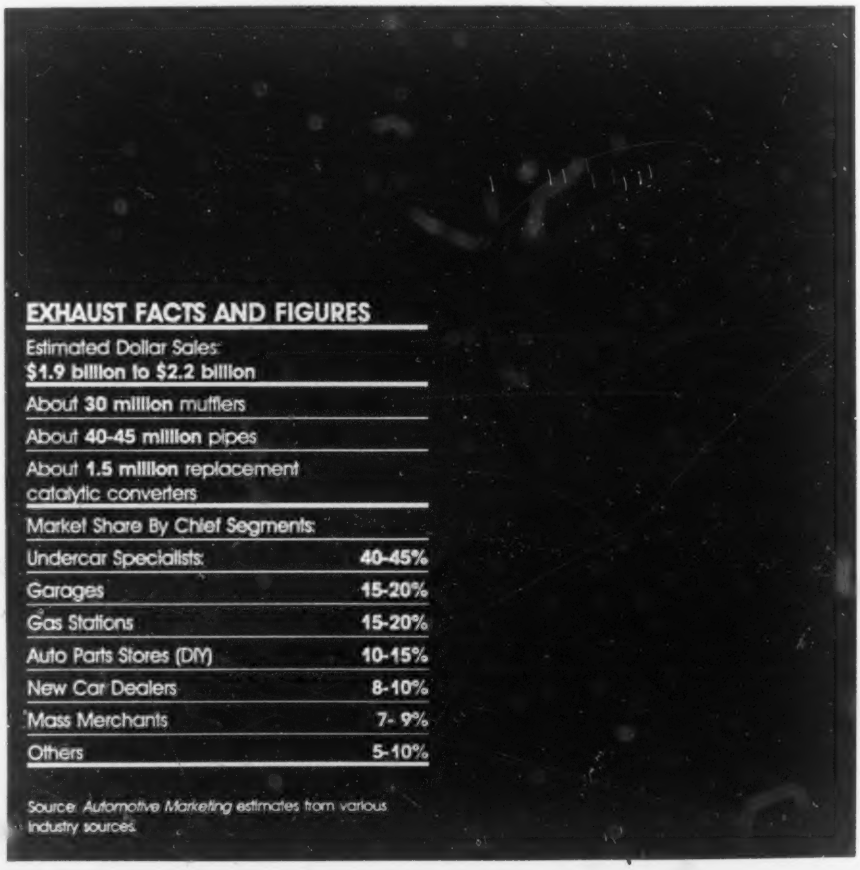
By the 1980s, the exhaust industry consolidated to just four major replacement suppliers: Walker Mfg., Racine, WI; Maremont; AP Parts, Toledo, OH; and Midas Intl., Chicago. Walker and AP are also OE suppliers but Maremont's parent company, Arvin Industries, is probably the largest OE supplier.

Reasons For Slowdown

A number of factors contributed to a slowdown in the exhaust market during the 1980s. A 1988 Walker report put the replacement market at 84 million pieces (mufflers and pipes) which meant there had been no growth since 1983. This took place while the *potential* market grew by some 99 million pieces. The reasons were these: Since the mid-1970s, vehicles have been equipped with stainless steel front pipes, catalytic converters, and burn unleaded gas, all of which preserve the exhaust system. To add to this, in the late 1980s, as many as 15% of new cars came with complete stainless steel exhaust systems, and older cars lacking hotter burning engines and catalytic converters were junked.

The result was market stagnation. When we last examined the market in 1988, executives were glum. Manufacturers were selling about a million fewer mufflers than they did in the early 1980s. Replacement rates had slowed from about four years to almost five years. And technological improvements seemed to work against any growth.

But following 11 consecutive down quarters from 1986-1989, sales began to pick up in May of 1989, according to Thomas. "We can pinpoint it in May, 1989. It caught us all somewhat by surprise. The first five months of 1989 were terrible and we were expecting a decent flat year. Then there was an upturn." For the past 12 months, Thomas said, unit sales were up about 9-10%.



EXHAUST FACTS AND FIGURES

Estimated Dollar Sales:
$1.9 billion to $2.2 billion

About **30 million** mufflers

About **40-45 million** pipes

About **1.5 million** replacement catalytic converters

Market Share By Chief Segments:

Undercar Specialists:	40-45%
Garages	15-20%
Gas Stations	15-20%
Auto Parts Stores (DIY)	10-15%
New Car Dealers	8-10%
Mass Merchants	7- 9%
Others	5-10%

Source: *Automotive Marketing* estimates from various industry sources.

ASSOCIATIONS

APAA, ASIA Merger?

Gene Gardner (DuPont) and Jim Thomas (Maremont), board chairmen respectively of Automotive Service Industry Assoc. and Automotive Parts & Accessories Assoc., met with their executive committees to explore a merger. They cited benefits such as a common voice in Washington and economies of scale. Both are hopeful that ASIA and APAA can be merged. Discussions continue. ■

Thomas expects sales to level off at a higher point. "We'll get back to exhaust sales tracking even with the growth of the 2-to-11 years old car group. And that 2-to-11 years old population will grow in 1991 and import registrations will grow even more rapidly within the car population.

"Typically, imports consume more exhaust system parts than domestics. They have a smaller muffler that's farther from the engine, they run cooler which is a muffler man's delight as far as condensation, and they tend to use cold rolled steel."

While everyone in the industry was glad to see sales increase, executives emphasized that it was not a wild upswing. "Call it a recovery," Frank Grosser, vice president of sales and marketing at Walker Mfg., a division of Tenneco Automotive, said. "Industry demand is back to where it was in 1986 and 1987."

Market Statistics

Here are some numbers. Estimates of dollar sales for all sorts of exhaust system products such as mufflers, pipes, clamps, and hangers ranged from a low of $1.9 billion to $2.2 billion. And this does not include catalytic converters which add slightly more than $200 million to the market. Rising sales mean a continuing 1-2% annual growth rate.

Exhaust specialty installers dominate the market. A consensus of the major exhaust manufacturers has the specialists growing from about a 20% market share in the 1970s to about a third of the market by the beginning of the 1980s to closer to 45% today. There are roughly 12,000 specialty shops. However, they are no longer simply exhaust shops; now they prefer to be known as undercar specialists.

"We see the specialists at about 44-45% now," Grosser said "They used to gain about 1-2% per year, but that will stop."

What About DIY Sales

And what about DIY sales? During the 1980s, DIY sales fell from the low 20% range to the low teens. Our latest *Consumer Automotive Repair Study (CARS)* puts the DIY rate at 14%, a percentage that was readily agreed on by executives from the three leading exhaust suppliers.

"The DIY end is slowing down," Jim Gerber, director of product development at AP Parts, said. "It's not a matter of complexity, it's just that installation is so handy. The DIY market has changed significantly. DIYers used to do anything. Now the market's propped up by bells and whistles: wax, sealants, pinstriping, bed liners, roll bars. It's gone from hard to soft goods. That's the kind of thing that shows growth. Not installations."

Grosser thought our 14% DIY percentage was on target. "A few years ago, it was about 25%. That 14% might hold for a while. The car population is aging and older, less valuable vehicles may still offer DIY sales an opportunity."

Still, Grosser feels that "mass merchants without bays may lose share. The DIY rate is trending down. But mass merchants with bays could maintain their share with yuppie sales."

Thomas agreed with the general assessment. "DIY is not a dynamic factor. It's maybe 20% at best or smaller. But even at 15% it's a $300 million market, and at 20% it's $400 million. That's nothing to ignore."

Back To WDs

Although DIY sales are tending down, parts proliferation is driving business back to the WD side of the market. "Our line has 5,400 part numbers," Grosser

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said. "This year, we'll introduce 640 new part numbers and obsolete only 180. Just the investment in new numbers, only one each, might require $15,000 in inventory. That plays back to the traditional market's strength: coverage and availability."

Gerber noted that there are now more than 900 different models in the U.S. and exhaust systems all have three to five major parts.

"The old 80/20 rule is now more like 60/40. Distribution is beginning to be the key. Jobbers are looking at a source of supply that can deliver in a hurry. Jobbers are switching from depth (maybe ten each of the top 20 numbers) to breadth (only two each of the top 100 numbers). You have to be real good at watching inventory."

And, Thomas added, "Eventually, we see a product line of close to 6,000 part numbers to supply the historic market. That's just the base of the population. It doesn't include exotic applications."

Who Has The Sales?

If DIY and specialty shops are not appreciably increasing sales, who is? "The new car dealer is one segment gaining market shares," Grosser said. "It's because of warranties and imports. I mean high end imports like BMWs and Acuras, those kind of things. It has nothing to do with parts availability. It has to do with the perception that their owners want exactly the same part that came off the car to go back on it." Grosser stressed it was not a huge gain. "Our thrust is still to the 16,000 Walker Advantage shops. We expect to have 18,000 by this year. We have our network in place and we're ready to talk to the consumer. We plan a heavy amount of promotion in 1991."

What's New?

But what's new? For one thing, total stainless systems have not had the impact muffler men once feared. "It's maybe 15% domestic and 5% import," Gerber said. "Car companies couldn't find an incentive to use it. There's no incentive, it has no significant marketing value for the OE. It doesn't help the consumer's buying decision. So now it's an engineering selection."

On the other hand, the use of stamped mufflers (which require a one-to-one replacement) is spreading. Again, however, it's due to engineering demands rather than perceived value for car buyers. For the replacement business, stamped mufflers are a boon to the traditional high part number WD/jobber channel.

For the long term, Walker joined Noise Cancellation Technologies in a 1989 venture to produce and market an electronic muffler. Grosser said the venture was proceeding with several OEM interested in the project. Other manufacturers are restrained in their opinions.

However, Gerber noted the Dodge Stealth and Mitsubishi 3000 have an electromechanical exhaust that uses a butterfly valve activated by processers to open and close exhaust channels according to RPMs. "It's a variable flow back pressure and sound muffler." Again, it's an engi-

Western Creates Auto America Franchising

Western Auto, Kansas City, MO, a subsidiary of Sears Roebuck and Co., Chicago, will begin franchising stores under the name Auto America in 1991.

Western Auto chairman and CEO John T. Lundegard told *Automotive Marketing* the company would open 15 Auto America stores in 1991. The first is scheduled to open in late spring in Marion, IN.

A New Operation

Although Western Auto already has roughly 1,100 associate Western Auto stores, Lundegard noted that the Auto America stores are completely different from the associate operation which has been shrinking in recent years.

"This is a true franchise operation," Lundegard said. "The keys to franchises are royalties and franchise payments. The associates don't have that, they have simple buying agreements. And the stores themselves will be completely different. It's total automotive: tires, parts, accessories, service. Western will select sites and build the store. It's more of a turnkey operation."

Chuck Hutchens, vice president, Auto America, explained why the stores were called Auto America rather than Western Auto. "The name Auto America has a lot of advantages," Hutchens noted. "We can go into communities where Western Auto does not exist and Auto America has an immediate identity. We've tested the name in stores and people like it. It also avoids confusion between what Auto America is all about and what the West-

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(Circle 11 on Product Information Card)

ern associate stores are about. Associates tend to carry bicycles, lawn and garden, and things like that. Auto America is exclusively automotive," Hutchens said.

"On the other hand, there are disadvantages," Hutchens conceded. "Where people are familiar with Western Auto, we can't capitalize on that. We have to explain that we are a division of Western Auto in telling the franchise story, we have to explain to customers that product warranties will be honored in Western Auto stores," he said.

Potential Markets

Although Hutchens said 600 potential markets for Auto America have been identified, he added, "The priority now is not the number of stores, it's the numbers in the stores. The sales profit."

Potential Auto America franchisors will pay a $25,000 franchise fee and a 5% royalty. Western Auto estimates an investment of about $130,000-$175,000 will be needed to open the stores.

Western Auto, which has 356 company stores and about 1,100 associate stores, also operates Tire America and NTW tire stores. Company sales for 1990 were approximately $1.2 billion. ■

Who Gets The Auto Service Business?

by Edward L. Kaufman, Contributing Editor

Whether or not you now compete in the automotive service business, service market trends will affect your business.

The Lindsey-Kaufman Co., Tenefly, NJ, estimates that 1990 DIY sales amounted to nearly $37 billion. However, as you can see by our chart, DIY sales are dwarfed by service-related sales. The broad definition of "Do-It-Yourself" includes an estimated $6 million in sales of tires by tire dealers for which no charge was made for mounting. DIY sales by auto chain stores and mass merchandisers exceeded $26 billion. These are large figures indeed.

If we deduct DIY sales from that total, we arrive at a narrowly defined automotive service market. Lindsey-Kaufman Co. estimates that this exceeded $61 billion in 1990. However, these preliminary estimates are subject to revision later in 1991.

Generalists Vs. Service Merchandisers

The automotive service market (ASM) of $61.1 billion is served by three classes of traditional *service generalists* and five classes of *service merchandisers*.

The generalists, including car dealers, gas stations and garages, accounted for just under 70% of the ASM in 1990. Car dealers alone accounted for 27.3% of the ASM. Note that car dealers' market share can vary depending upon market definitions. Thus, they account for 24.5% of the $130 billion market, 22.9% of the narrower market when body repairs are deducted, and only 17% of the competitive market of $97.9 billion.

Car dealers are generalists by virtue of their franchise agreements. Not all of them operate body shops, but all of them are obligated to make all necessary mechanical repairs to cars under warranty. Interestingly, the chart shows that car dealers obtain better than 27% of post-warranty service business. Are car dealers destined to gain or lose share of the ASM? A case can be made that they are gaining share because:

- Increasing complexity of the automobile. Meaning that owner of late model computer-controlled cars are more likely to return to dealers for service—even after warranty expiration.
- Promotional effort by car makers such as GM's famous Mr. Goodwrench campaign.
- The growing number of foreign make vehicles. Owners of foreign cars still tend to return to dealers for service, even after warranties expire.

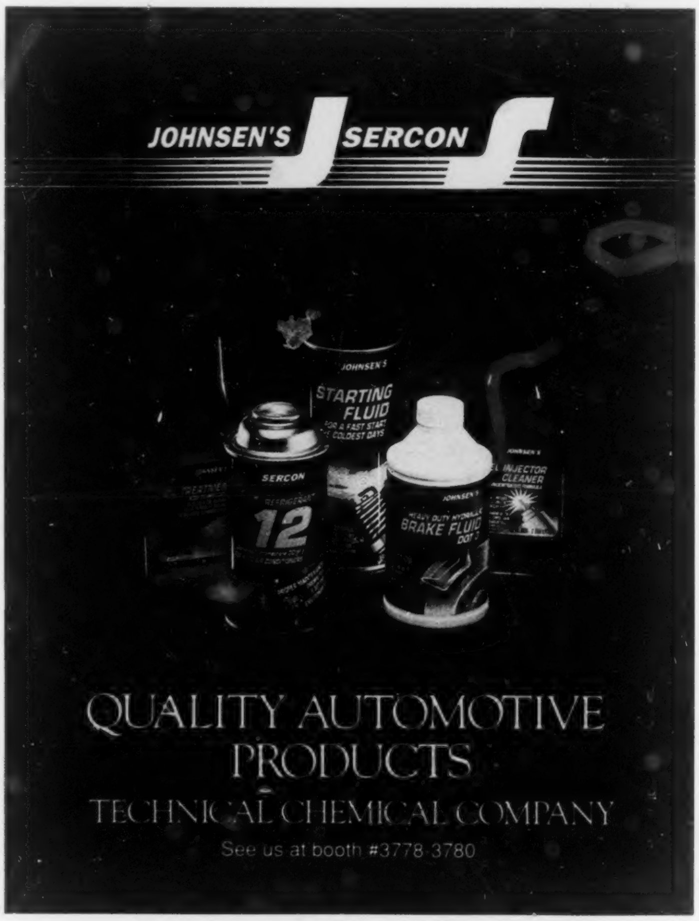
On the other hand, there are reasons for expecting the market share of car dealers to decline. For example:

- A long term decline in the number of dealerships.
- The lack of a commitment to service by many car dealers.

On balance, the positive factors for car dealers are offset by the negative factors. We expect professionally run service departments to gain sales while the poorer operations to close up. But overall, we expect no real gain for car dealers. Their share of the service market will remain between 25% and 30% of total.

Gas Stations & Independent Garages

The situation for gas stations is less ambiguous. The gas station share of the service market has been declining steadily since 1974 for one big reason: oil company policies.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MARKET LINE

[illegible]

[illegible]	All Types	Car Dlrs	Service Gas Stns	Body Shops	Auto Service Specl.	TBA Dlrs	Indep. Repair	Chain Stores	Mass Mdsrs
[illegible]	$133.6	$ 32.2	$ 10.2	$ 33.0	$ 8.0	$ 10.2	$5.0	$ 16.2	15.6
Less Body Parts & [illegible]	28.2	8.0	X	17.2	X	X	X	X	X
Common Definition	105.4	24.2	10.2	15.8	8.0	10.2	5.0	16.2	15.3
Less Accessory [illegible]	7.5	7.5	X	X	X	X	X	X	X
Total	97.9	16.7	10.2	15.0	8.0	10.2	5.0	16.2	15.6
Less DIY Sales	36.3	X	X	X	X	6.0	4.2	14.4	12.2
Narrow Definition [illegible]	61.1	16.7	10.2	15.8	8.0	4.2	0.8	1.8	3.6
[illegible]	100.0	27.3	16.7	25.9	13.1	6.9	1.3	2.9	[illegible]

[illegible] estimate of Lindsey-Kaufman Co., January 1991

The oil companies used to support service to build customer loyalty for their brands. And it is *still* a good way of doing that. But oil companies would rather sell more gasoline through high-volume outlets than many low volume neighborhood stations. To be sure, some oil companies operate certified service franchises. However, the volumes of these outlets is far from offsetting the great attrition in numbers of full service gas stations. We do not expect a change in the situation in the 1991-1995 period.

The number of independent garages has been *increasing* since 1974. But not because this has been identified as an exciting growth opportunity. Rather, that many former gas station operators, especially those fortunate enough to own their property, have decided to remain in business as independent garages—even though the oil company has removed its pumps, signs, and credit cards.

However, the future for garage owners is far from rosy. It is taking an increasing investment in facilities, equipment, and training to remain successful as a general garage. And meanwhile, sharp service merchandisers have been snapping up a lot of the easier-to-do service work, things like lubrication, muffler replacement, brake repairs and alignment.

So what is the outlook for garages? Probably a shakeout of the less well financed, less well motivated, and less well managed operators. The good operators will survive and thrive. However, the overall share taken by general garages may decline.

Therefore, considering almost certain declines among gas stations, possible declines among garage operators, and near-zero gains in market share among car dealers, we expect that the total share obtained by the traditional service generalists will decline from the estimated 69.9% in 1991 to the range of 65-67% by 1995. And the decline *could* be even sharper; perhaps to the range of 60-65%.

Service Merchandiser Shake-Out

Service merchandisers pursue their business *aggressively*. They are very clear in their minds as to what they are selling, how it should be priced, whom they are trying to reach, and the kinds of promotion to be used. They are not shy. Unlike many generalists, the service merchanders do not just wait for customers to show up. Service merchandisers, including specialists, tire dealers, and auto chain stores are sophisticated about direct mail, print and broadcast media.

In general, service merchandisers are gaining at the expense of traditional service generalists. Case in point, muffler/brake specialists now dominate sales of exhaust supply parts—and they are gaining share of the brake parts market.

Coping With New Technology

An operation which scores high in most respects still has to cope with changes in technology. Most service merchandisers prefer to concentrate on rather narrow menus of service. This simplifies training and permits the company to concentrate its investments in facilities and equipment. However, changes in technology can, and often do, compel service merchandisers to revise their service menus. For example, longer lasting products can compel a movement to new services.

Thus we have seen muffler specialists evolving into under car specialists. They have moved into such services as brake repairs and alignment. Similarly, we have seen tune-up specialists moving into other under hood services such as lubrication, cooling system and air conditioner flush and fill services, engine cleaning, etc.

Whereas service specialists appear to be having to broaden their menus of service, tire dealers, tire company stores, auto chain stores and mass merchandisers seem to offer *narrower* menus. Most are satisfied to offer a full range of under car services (exhaust brakes, alignment). And they are comfortable with lubrication and flush and fill services. However, they are definitely uncomfortable with tune-up services, or to use a more up-to-date term, "engine performance services." These require a big investment in diagnostic equipment *and* highly-trained and well-paid technicians. Moreover, these are hazards in the business; come back rates can be high. That is especially painful to retailers trying to retain goodwill for a wide range of products. ■

ASSOCIATIONS

Bob Miller New MEMA Head

Bill Raftery, president of the Motor Equipment Manufacturers Association (MEMA), Englewood Cliffs, NJ, for the past 29 years, retired on January 4. He will stay on as a consultant to MEMA.

MEMA named Robert R. Miller to replace Raftery. Previously, Miller was vice president of sales and marketing at the Wagner Div. of Cooper Industries, Parsippany, NJ. He has been involved in the automotive aftermarket since 1960. Miller was also chairman of MEMA from 1987-1988 and a member of the board of directors for the past six years. He lives in Holmdel, NJ. ■

SPRING SUMMER SELLING GUIDE

The war in the Gulf is the big thing on everyone's mind this spring/summer selling season.

by **Phil Katcher**,
Business Editor

What a difference a year makes, 365 little days.

Last year at this time we were still in the midst of a Cold War that placed an Iron Curtain between Western and Eastern Europe. Then the curtain opened, and it looked as if finally we were going to live in the promised Age of Aquarius. Money spent on defense could go to improving the economy in a promised "peace dividend." Until, that is, Iraq invaded Kuwait and the 400,000 Americans in Saudi Arabia in Operation Desert Shield went to war on January 16. Oil would be scarce; a war-time economy would be in place on top of a widely-seen recession; and nobody foresaw much good in the immediate future

When the 15th of January, the deadline set by the United Nations for Iraq to be out of Kuwait, came and passed without any steps towards peace being taken by either side it was quite clear that war was more than just a possibility. For the fifth time in this century, Americans were fighting a major war overseas.

For the immediate future, domestic oil stocks should be enough, according to the major oil companies, to prevent shortages such as there were in the 1970s. Oil producing countries turned out record high levels just before the war. Although many military experts predict a short war, virtually all of America's wars have started out as "short wars," with the "boys home by Christmas," according to period experts. Any war fought in unfamiliar terrain against a motivated defender in his homeland will be a long war, if history is any teacher. A short war ending in total victory is unusual against opposing sides with roughly equal numbers.

The costs to the country for Operation Desert Storm were high even before the war started. The operation cost the government some $130 billion, some experts figured. Given these unexpected costs in a period when the country already faces huge deficits, the Bush administration will probably not try to continue domestic programs like the Johnson administration did during the Viet Nam war. Reduced domestic spending could have a negative effect on an already weak economy.

Therefore, it's important now, for the country not to overlook its domestic problems.

The Present Recession

Leading those domestic problems is a widespread recession. Just last February we reported in the annual *Automotive Marketing* spring/summer forecast that a survey of the National Association of Business Economists indicated that 62% of their members didn't expect a recession at any time within three years. Housing sales were up; unemployment was low; and the Commerce Department reported that the economy had grown again for the eighth straight year.

Now, most retailers, who had the worst retail sales in December they had in years, admit the country is in the midst of a recession. The big question, is how bad will it be? Most economists predict a mild-to-average recession lasting until around July. And, aftermarket retailers agree.

Unemployment in December was 6.1%, the highest rate in two years. Manufacturing jobs were the most affected, but service industry jobs were cut, too. According to government projections, the unemployment rate will peak at 6.8% in the middle of the year. The same projections see growth for the first quarter of this year at 1.3%, declining in the second quarter to 0.3%. However, the third quarter should see growth of 2%, while the fourth quarter should slow down again to 0.9%.

Solving The Problems

There are a couple of ways to face a recession, as a problem that should be met through cutting back and weathering it out, or as a challenge.

Among the weatherers, retailers from Brighton, MI, to Selmer, TN, tell us that they've been cutting back personnel and inventory. They'll be cutting back on hours to save money at Darling's Auto Parts in Brunswick, ME. Northstar Auto

HOW ARE NEON COLORED ACCESSORIES DOING?

We asked retailers if neon colored accessories were popular in their areas. They were in over half the nation.

Yes	53%
No	47

Source: *Automotive Marketing* Retail Panel

HOW LONG HAVE NEON ACCESSORIES BEEN POPULAR?

We asked retailers how long they thought neon colored accessories had been popular in their areas. Most think the fad has been around between six and 12 months.

6 mos-1 yr	71%
3-6 mos	15
+1 yr	7
1-3 mos	7

Source: *Automotive Marketing* Retail Panel

HOW LONG WILL NEON COLORED ACCESSORIES STAY POPULAR?

We asked retailers how long they thought neon colored accessories will popular remain in their areas. Opinions differ widely.

1-3 mos	35%
3-6 mos	19
6 mos-1 yr	19
+1 yr	19
Over	8

Source: *Automotive Marketing* Retail Panel

HOW MANY CUSTOMERS BUY TOP SPARK PLUGS?

We asked retailers what percentage of their customers would willingly pay more for the better grade spark plug.

1-24%	43%
50-75%	23
+75%	15
25-49%	12
0%	7

Source: *Automotive Marketing* Retail Panel

HOW MANY SPARK PLUG SKUs DO RETAILERS STOCK?

We asked retailers how many SKUs of spark plugs they stock. The average store stocks 175 spark plug SKUs.

+75	47%
50-75	19
25-49	17
1-24	17

Source: *Automotive Marketing* Retail Panel

WHAT ARE RETAILERS' FIVE BEST SELLING CHEMICALS?

We asked retailers what their best-selling chemical products were. Then we indexed them, with the average mentioned products at 100. Any products that had index numbers over 100 were especially good sellers.

Fuel injection cleaners	330
Gas line antifreezes	240
Cooling system sealers	170
Oil supporters	140
Engine restorers	120

Source: *Automotive Marketing* Retail Panel

HOW MANY SPARK PLUG BRANDS DO RETAILERS STOCK?

We asked retailers how many spark plug brands they stock.

Four	33%
Three	26
Two	17
Five	10
One	7
Six	7

Source: *Automotive Marketing* Retail Panel

DO THEY OFFER DIFFERENT IMPORTED SPARK PLUGS?

We asked retailers if they stocked a different line of spark plugs for imported cars. Over half did.

Yes	51%
No	49

Source: *Automotive Marketing* Retail Panel

Supply, Dansville, NY; Arrow Auto Store, Paris, IL; and others will be stocking lower price points in their inventory. And, prices will be cut at Art's Precision Automotive, Godfrey, IL, and National Parts Supply, Flemington, NJ. Said E. Powell Christian of the Big T Auto Clinic, Holiday, FL, "The small business must hang tough and eliminate unnecessary expenses, take better care of the customers they have, and do superior work at *fair* prices."

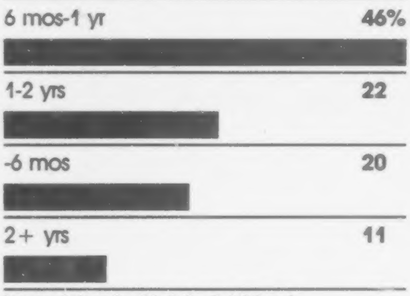
But then there are retailers like Ken Hottle, whose Western Auto Associate store is in Sidney, OH. He sees a recession as an opportunity. "We're going to keep a good stock of DIY parts in inventory as people won't have much money to work with," he said. Stan Paolini, whose Placerville Tire & Brake Service is in Placerville, CA, will build eight more service bays and a quick lube next to his shop. A number of retailers told *Automotive Marketing* that they're going to maintain their margins and work on getting better ones. They're the same retailers who plan even more aggressive merchandising in 1991 than they did in 1990.

Indeed, merchandising is key to those retailers who plan to actually grow during the recession. While E.M. Koebberling's Western Auto Store in Lenoir, NC, will spend less on advertising in 1991, the advertising it does will be an expanded direct mail program that reaches exactly the audience it needs to reach. "Pinpoint" direct advertising is what H. H. Arihood, of Arihood Tire Market, Rennselaer, IN, calls his program.

Finally, retailers at many stores will actually increase their hours to take advantage of potential DIY sales they might otherwise have missed. David Carter of Ken's Auto Parts in Mesquite, TX, plans to work 70-hour weeks until times get better. Perhaps we all ought to consider these hours. ■

HOW MUCH LONGER WILL THE RECESSION LAST?

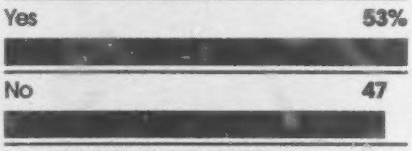
We asked retailers how long they thought the present recession would last. Most were pretty optimistic that it would be a short one.



Source: *Automotive Marketing* Retail Panel

DO RETAILERS STOCK PRIVATE LABEL OIL FILTERS?

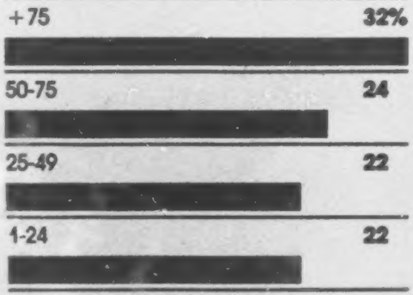
We asked retailers if they stocked private label oil filters. Over half did.



Source: *Automotive Marketing* Retail Panel

HOW MANY OIL FILTER SKUs DO RETAILERS STOCK?

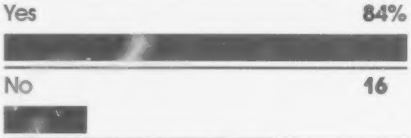
We asked retailers how many SKUs of oil filters they stock. The average store stocks 148 oil filter SKUs.



Source: *Automotive Marketing* Retail Panel

ARE CARS KEPT LONGER NOW?

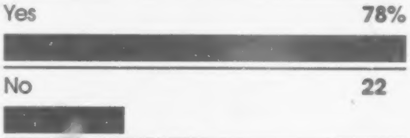
We asked retailers if they thought people in their areas were keeping their cars longer now than they used to. Most agreed they were.



Source: *Automotive Marketing* Retail Panel

IS THE RECESSION HERE NOW?

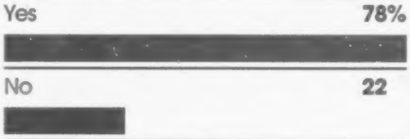
We asked retailers if there was a recession in their area. Most said there was.



Source: *Automotive Marketing* Retail Panel

ARE HIGHER FUEL COSTS HURTING RETAIL AFTERMARKET SALES?

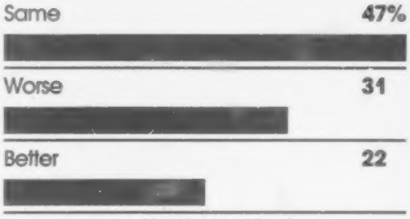
We asked retailers if higher fuel costs as a result of the Gulf Crisis is huring their sales. Most said it is.



Source: *Automotive Marketing* Retail Panel

HOW WILL THE UPCOMING SPRING/SUMMER SEASON BE?

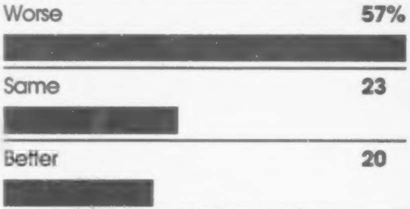
We asked retailers how they thought the Spring/Summer 1991 selling season would be compared to last year's season. Almost half thought it would be unchanged.



Source: *Automotive Marketing* Retail Panel

HOW DID 1990 STACK UP AGAINST 1989?

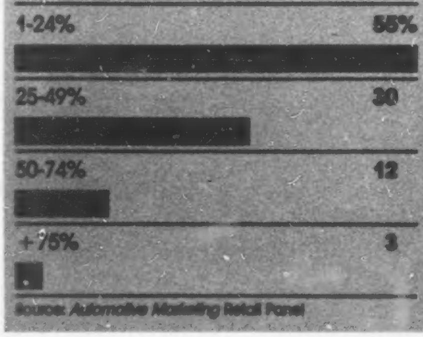
We asked retailers how the last quarter of 1990 was compared to the last quarter of 1989. Over half said it was worse—one retailer added it was "much" worse.



Source: *Automotive Marketing* Retail Panel

WHAT PERCENTAGE OF SALES IS IN LIGHT TRUCK ACCESSORIES?

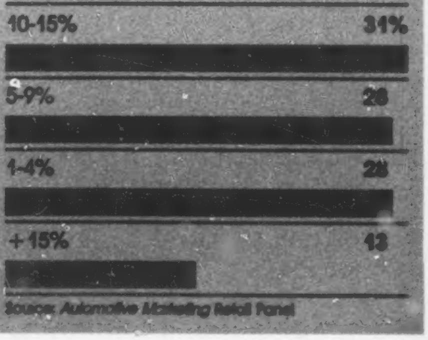
We asked retailers what percentage of their total accessories was in specific light truck items.



Source: *Automotive Marketing* Retail Panel

WHAT PERCENTAGE OF SALES IS IN VAN ACCESSORIES?

We asked retailers what percentage of their total accessories was in specific van accessories.



Source: *Automotive Marketing* Retail Panel

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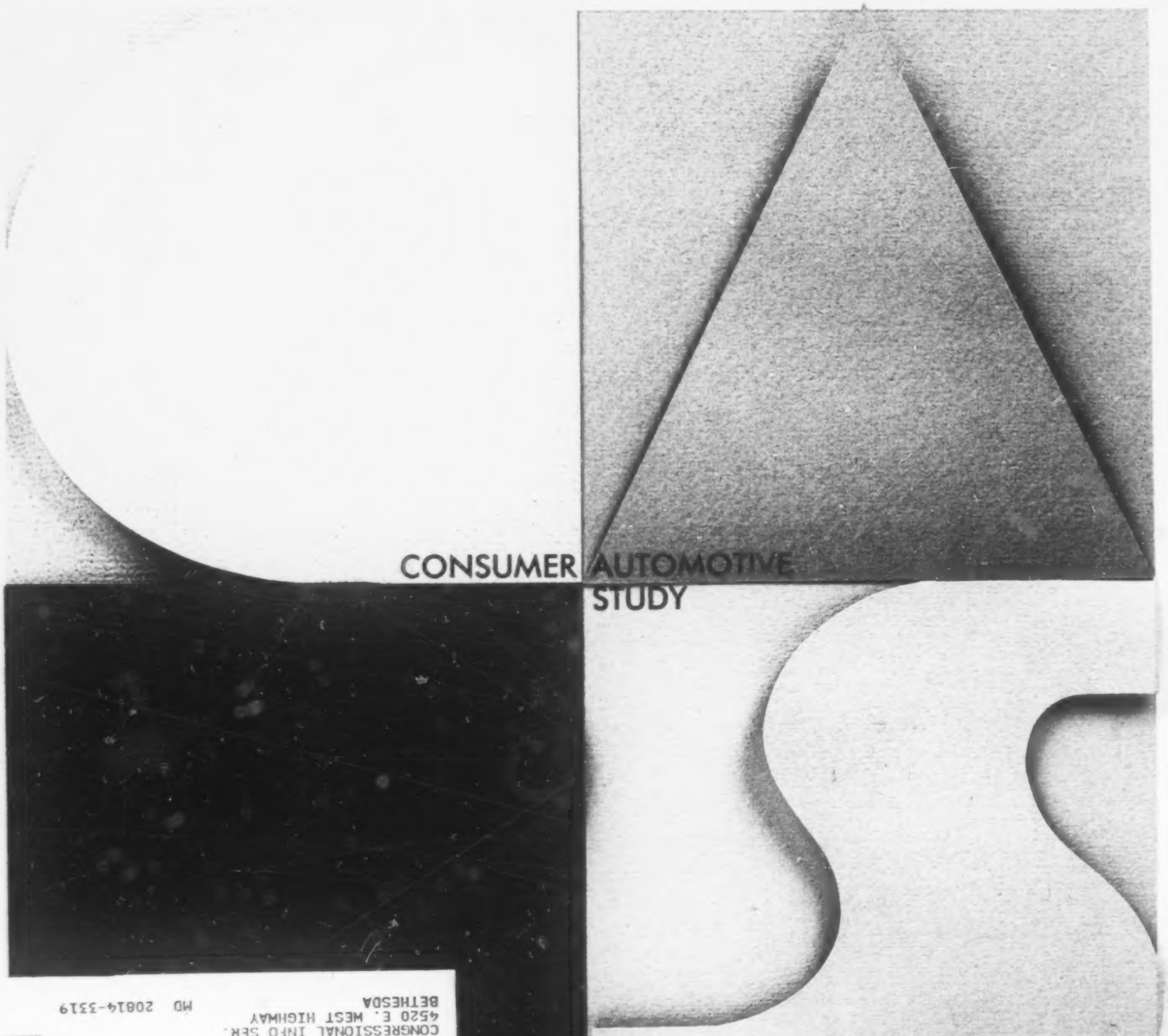

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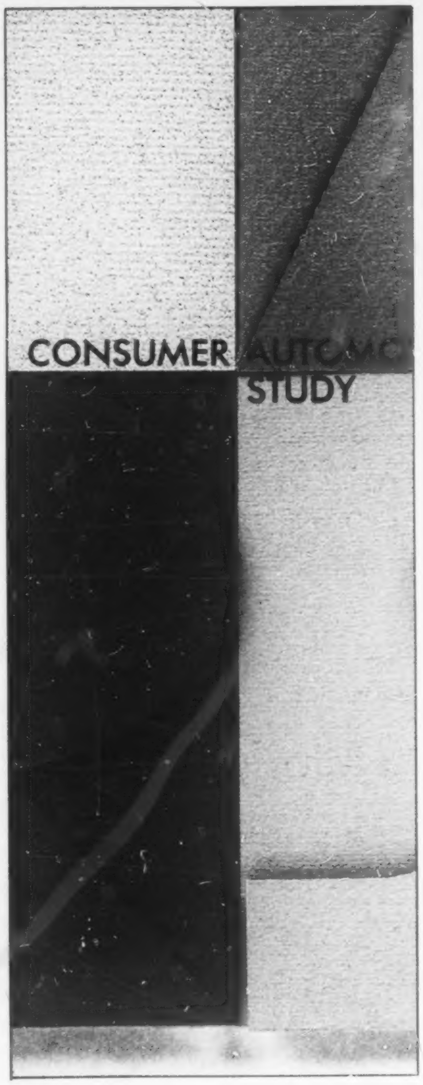

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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

Phil Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Ampolsk,
Contributing Editor

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

Chilton Officers:
Gary Ingersoll, President; Senior Vice President Operations, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine.
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President
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JESSE H. NEAL
AWARD-WINNING
PUBLICATION
FIVE OUT OF
EIGHT YEARS

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MARKET LINE

Fuel Injector Cleaner Sales Growing Slowly And Surely

William James, philosopher and brother of novelist Henry James, was once asked why he was a religious man. James replied that he was religious because if there was a God then he would go to heaven. And if there wasn't, it didn't matter. James was a pragmatist.

Likewise, the president of a leading chain told us he uses a fuel injector cleaner every 5,000 miles or so. "I'm not too certain why I do it. I don't know if they do any good or not. It's probably psychological. I don't believe in it, but I do it. I'm afraid of the consequences of not doing it. I'm scared of an expensive repair." The president, too, is a pragmatist.

The executive is not the only pragmatist on the road. With the rise in the number of fuel-injected vehicles, the market for all fuel additives and especially fuel injection cleaners will be a major growth area for chemical sales. Rick Bowen, vice president of marketing at First Brands, Danbury, CT, said, "Fuel injector products have in excess of 50% of the fuel additives market already and they're only five years old."

Fuel Injector Growth

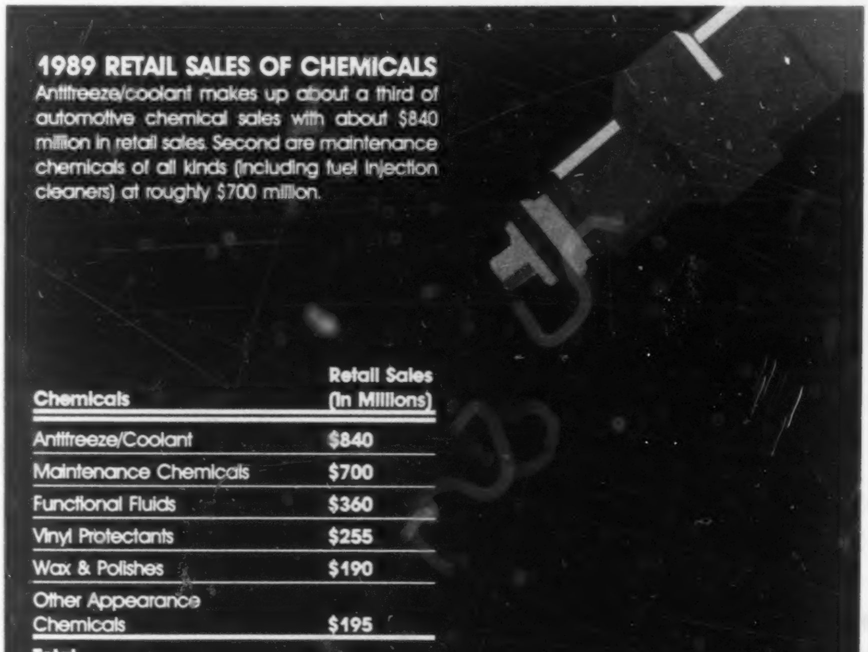
In the early 1980s, just 6% of cars came with fuel injection; but by 1989, according to Motor Vehicle Manufacturer Association (MVMA) data, 96% of the cars made in the U.S. were fuel injected.

Tom Mulrane, group leader of fuels and lubricants at First Brand's new research facility in Danbury, said there are now about 45 million fuel injected cars on the road (some 20 million with throttle body and 25 million with port injection) and some 75 million carbureted. "Light trucks continue to be carbureted, although they're moving toward throttle body injection," Mulrane noted. Another 40 million fuel injected cars will join the fleet by 1995.

"I think the market is going to go up in frequency and total usuage," Truman Blankenship, president of Berryman Products, Arlington, TX, said. "Simply because of the production preference for fuel injection. Injectors display a more noticable effect at a quicker time-frame. A carburetor can take big deposits and still not get a noticeable performance defect. The guy just puts the pedal to the metal and pumps more gas. But because injectors are fed through a metering device, it's much more noticeable."

Berryman Products is not the only company expecting big sales from fuel injection. Without trying hard, we counted more than 20 companies producing a fuel injection cleaner of some kind. One reason for so many suppliers is that there are many niches and regional markets for chemicals. Best estimates say the market breaks down roughly one half through auto stores and the other half through discount and non-automotive stores such as supermarkets and drug stores. A Motor Equipment Manufacturers Association (MEMA) study finds that 56% of automotive chemicals are sold through auto stores.

However, while there is a potentially big market for fuel injection cleaners (any fuel injected car or light truck), the actual market is still fairly small. The highest estimates we received from market sources were up to $80 million for fuel additives. A 1990 estimate by the Fredonia Group,



1989 RETAIL SALES OF CHEMICALS

Antifreeze/coolant makes up about a third of automotive chemical sales with about $840 million in retail sales. Second are maintenance chemicals of all kinds (including fuel injection cleaners) at roughly $700 million.

Chemicals	Retail Sales (In Millions)
Antifreeze/Coolant	$840
Maintenance Chemicals	$700
Functional Fluids	$360
Vinyl Protectants	$255
Wax & Polishes	$190
Other Appearance Chemicals	$195
Total Automotive Chemicals	**$2.5 billion**

Source: Lindsey-Kaufman Co.

Cleveland, sets the fuel additive market at $90 million with a 7.6% growth rate.

One anonymous executive put the market at about $100 million, but said that included anything that goes in the tank. The fuel injector cleaner share, he feels, is about a third of that market.

But some suppliers say estimates are inflated. "Some $80 million? I seriously question those estimates," Yohanne Gupta, president of Petrofam, Houston, said. "We've been involved with fuel additives since 1984. The actual market ought to be $160-$180 million. What it actually is, though, is about $35 million for fuel additives."

According to our latest *Consumer Automotive Repair Study (CARS)*, published in this issue, about 15% of vehicle maintainers use fuel additives. Just for laughs, we took 15% of 45 million fuel injected vehicles, some 6.75 million, and multiplied that by four (recommended fuel injected cleaner use is every 2,500-4,000 miles) and came up with 27 million bottles sold. After checking newspaper ads for the going price, we assumed an average retail price of $3 a bottle, which gives a retail market of $81 million. Wholesale would be substantially less.

Gupta said to reach the $160-$180 million potential market will require a fundamental change in the way suppliers take the product to market. "As a group, we have to offer some rethinking for consumers: the use of a good quality fuel injection cleaner is fundamental to operating the vehicle efficiently."

A ESTIMATE OF THE FUEL INJECTOR CLEANER MARKET

15% of car maintainers use fuel additives,
45 million cars are fuel injected,
so, some 6.75 million car maintainers
use additives.

Average use is four times a year,
so, roughly 27 million bottles are sold.

The average retail price is about $3,
which means a $81 million market.

Source: Automotive Marketing estimates

Do They Work?

The most important concern for fuel additive companies, as Gupta and other suppliers readily concede, is convincing consumers that the products work. Talk to some consumers about additives and the words "snake oil" and "mouse milk" get tossed at you.

"We've all shot ourselves in the foot," Gupta said. "If you look at the history of gas additives, many came into being simply because a 100-store chain told his chemical supplier, 'I need a gas additive.' We have to raise credibility and only offer products that we know work. Only then will consumers accept our message."

Do fuel injector cleaners work? We spoke with technical people at each of the major suppliers. Each insisted their product did exactly what it was intended to do. And all conceded there were bad products on the market. Someone interested in the problem would do well to consult the Society of Automotive Engineers (SAE) Technical Paper #861534: *Injector Deposits—The Tip Of Intake System Deposit Problems*, by Brian Taniguchi, Richard Peyla, Gary Parsons, S. Kent Hoekman, and Douglas Voss.

Fuel Injection & Gasoline

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cars began to complain of poor performance. The fuel injector openings, as small as a human hair, were clogged by deposits, and the only remedy was a few hundred dollars worth of professional cleaning, or even replacement. The OE car makers blamed the gasolines. Several OEs went so far as to threaten to recommend particular brands of gas acceptable for use in fuel injected cars. This got immediate action from the gasoline suppliers and the oil companies developed detergents to clean injectors.

The oil companies quickly trumpeted their detergent gasolines. However, late model cars designed to run on an ultra lean mixture (more air, less gas) are particularly sensitive to deposits that form on the intake valves.

Fred Peterson, senior product specialist, Chevron Chemical Co., San Ramon, CA, said, "Owners found that even small deposits on valves cause driveability problems during the warm-up phase. We suspect that during warm-up, a little deposit acts like a sponge and holds the gas. There's no sensor, so the engine doesn't adjust until the engine warms up enough to evaporate the gas. Cars that were particularly susceptible are generally performance-oriented such as BMWs and Audis."

The oil companies also found that many of the detergents used to clean injectors actually contributed to intake valve deposits. So, it was back to the mixing vats for detergent packages. Today, according to *Consumer Reports* (January, 1990), *most* major gasoline brands' premium gasolines contain additives that both clean injectors and eliminate intake valve deposits. However, *Consumer Reports* noted that at least six major brands *did not* pass a test designed by BMW which had been a key victim of intake valve deposits. Several more brands did not meet BMW standards in medium and regular grade gasolines, according to the magazine.

Fuel injector cleaner suppliers were quick to point out that the problem of gasoline will become more acute as more and more carmakers go to lean-burn technologies to meet emission requirements and still maintain performance standards.

Good Gas Or Bad?

Jack Anderson, marketing manager at Pyroil, a division of Ig-Lo, a subsidiary of Valvoline, Lexington, KY, noted, "Most gasolines have additive packages, but are they as effective as our cleaners? No. The fuel injector cleaners available three years ago have been improved. Initially, they only cleaned the jets. Now they clean the entire intake valve. It's an on-going

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evolutionary technology. Gasoline qualities change and will affect what additives are needed. Some you can get at the pump, some you'll have to buy in the aftermarket."

"There's such a wide variety of detergents in the fuels we buy," Gary Ouellette, vice president and general manager, Cyclo Automotive Products, Lake City, FL, said. "A week ago, the local government down here surveyed octane levels; 10% to 15% weren't the 91 octane they were supposed to be. The detergents aren't necessarily doing what oil companies claim they do. Additives help ensure that you have enough detergents at a maintenance level to keep the injectors clean."

Ray Yabu, trade support manager, Gumout Products—Pennzoil Products, Pittsburgh, said there's also an economic factor. "The oil companies are doing a fine job for us if you look at the economics. We have products that will keep injectors clean for ten tanks for $2.99-$3.99. Now you buy premium gasoline at 20-cents more per gallon. Over ten tankfuls, that certainly exceeds the cost of bottle."

And First Brand's Bowen said, "High detergent gas is not nearly as effective as the oil companies would like you to think. The consumer knows this because they're having problems. I don't want to say it's not effective at all, but it's certainly not effective enough to solve the problem."

Gupta presented the simplest answer: "Gas is such a commodity item. Companies try to match competitor's prices. Too often, the consumer's decision to buy is based on who has the lowest price. We say, go out and buy the best brand of gas. But every 3-to-5,000 miles, buy and use a good fuel injector cleaner."

There are some indications that the message is getting through. Bill Shewry, manager of Chevron's Consumer Products Div., claimed, "The first customers are typically more knowledgeable, sophisticated, upscale users. But that's only the tip of the iceberg." We can support this through our *CARS* Study. According to *CARS*, 33% of the most serious DIYers, ones who should be more knowledgeable about their cars, use fuel additives. That's twice the rate for the general car maintainer population.

Shewry said he expects more demand, maybe 12-18% more sales per year, as fuel injector cleaner sales continue to grow as the fuel injected vehicle population becomes higher. ■

KAUFMAN ON THE MARKET

Car Dealers Are Tough Competitors For Volume Retailers

If you think you are not competing with car dealers for parts sales, you are wrong. Data from recent consumer surveys reveal that car dealers and service specialists are gaining share of such fast moving categories as oil, air and fuel filters—even spark plugs.

Moreover, car dealers—and particularly dealers for Asian and European makes—are becoming much more aggressive in wholesaling fast moving parts to the independent aftermarket.

Retailers & Replacement Parts

Volume retailers have to cope with the following problems in connection with

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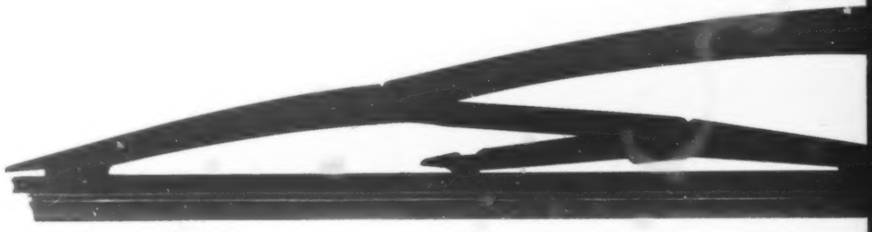

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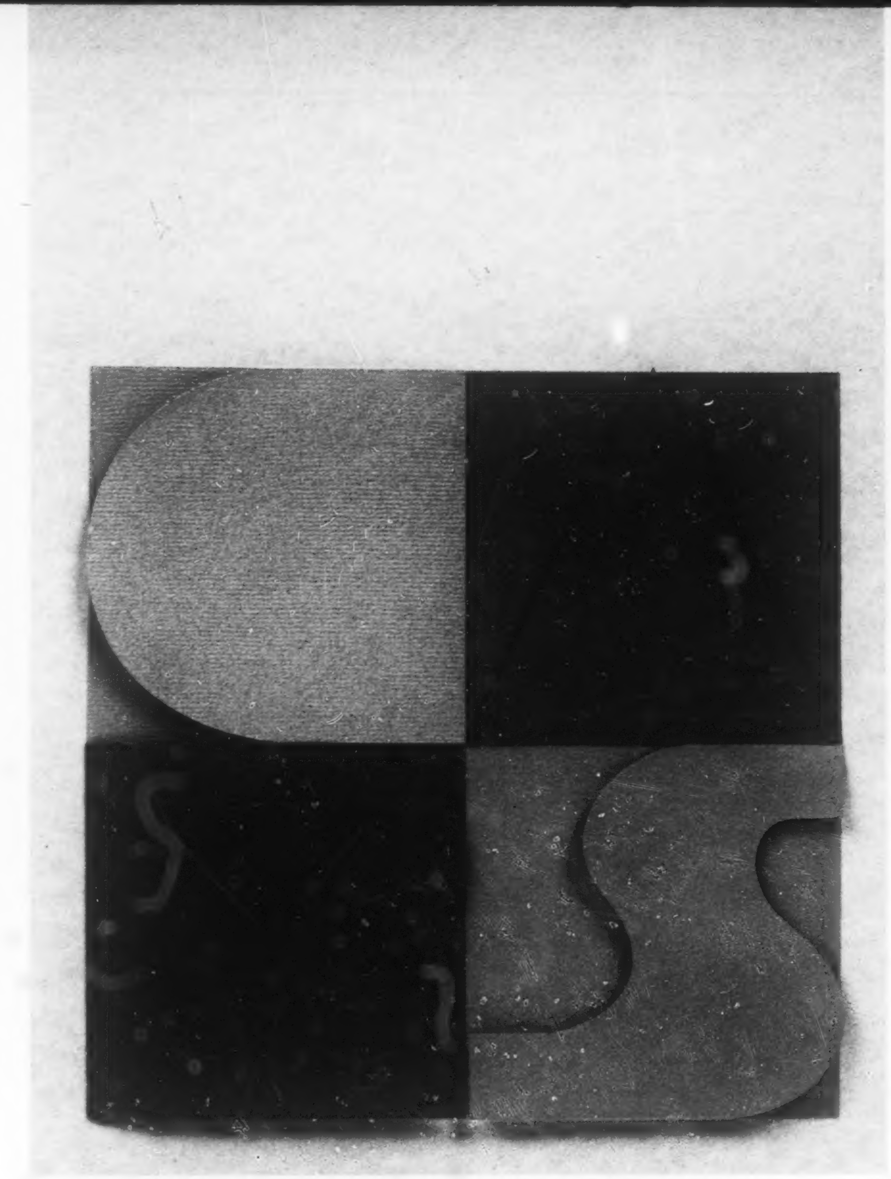

CONSUMER AUTOMOTIVE REPAIR STUDY

The DIYer is the main installer of automotive products among all vehicle maintainers

by **Phil Katcher**
Business Editor

The single question the staff of *Automotive Marketing* is most frequently asked is, "What percentage of my product sales are to Do-It-Yourselfers?" It's a question neither we, nor any other source, has ever been able to answer since all previous industry studies have focused on the DIYer alone, rather than all buyers of specific aftermarket products.

With the 1991 *Consumer Automotive Repair Study (CARS)*, we are able to answer that question—and lots more. This year's study marks the first survey in the aftermarket industry of *everyone* who is responsible for maintaining a vehicle and who bought products to do just that, regardless of from whom they bought the product or who installed it.

We found exciting news for aftermarket retailers in this study. In a nutshell, it's that DIYers are the most common installers of products in almost every automotive system we studied. And, the largest group of buyers in almost every system category bought those products at auto parts stores—not discount or department stores, not service stations or independent garages, not specialty installers or car dealers.

DIYers Are The Main Installers

We expected that to be the case in product categories such as additives and wax and polish. It's no surprise that 73% of all the oil and gas additives sold over the past year were installed by the buyer or a friend or relative.

The surprise was that this trend held true even in areas we did not think it would. For example, 53% of all those who bought starting or charging parts such as alternators bought them in auto parts stores and 52% of them installed the parts themselves or had them put in by a friend, relative, or a "backyard mechanic." Even 42% of all those who bought engine system parts bought them at auto parts stores. And, just under half, 45%, installed those parts themselves or had a friend, relative, or backyard mechanic do the job.

DIY is not dead, not by a long shot. Indeed, when we asked people to classify themselves, 77% called themselves anautomotive DIYer.

And, despite talk about increasingly difficult automotive technology decreasing how much DIY is done, vehicle maintainers aren't aware of being unable to do the work. In all, 44% said they're doing as much of this work now as they did five years ago, while 31% even said they'd increased how much DIY they do. And, 58% expected to do as much DIY work in the future as they're doing now, while almost a quarter more said that they'll be doing more in the future than now. In all, 53% said they enjoy doing automotive DIY, at least "somewhat."

The motoring public is affected by the same demographic trends that affect the entire country, especially the growth of women in the marketplace and the aging of the population. Therefore, it's worth looking especially carefully at these two major groups.

HOW MANY VEHICLE MAINTAINERS THERE ARE

U.S. households with a vehicle 89%
U.S. households with a car 86%
U.S. households with a light truck 26%
U.S. households with a van 11%
U.S. households with a utility vehicle 6%

Women DIYers Are Important

More women are coming into the DIY field as the total number of females responsible for maintaining vehicles increases.

In all, 66% of all women in a household with a vehicle told us they were responsible for maintaining it. Of them, 65% called themselves some sort of automotive DIYer; 85% said the level of their automotive DIY work has stayed the same or increased over the past five years; and 88% said the level of their DIY work will grow or at least stay the same in the future.

Women responsible for vehicle maintenance tend to be responsible for only one vehicle in larger numbers than do men. A third of all men were responsible for only one vehicle, while a little over three quarters of all women had this responsibility level.

The car brands women picked in slightly larger percentages than the overall vehicle owning population included Jeep/Eagle/AMC, Mercury, Plymouth, Ponti-

WHAT CARS THEY DRIVE

Serious DIYers, those who spend 11 or more hours a month on automotive DIY, make up the auto parts store's best customer. Therefore, chains should stock products for cars driven by these DIYers, rather than for the entire local car population, many of which will be taken back to car dealers for repair. This chart compares the percentage of all car maintainers owning a specific brand with serious DIYers owning the same brand. Only car brands driven by 1% or more of the population are listed here.

Chevrolet	
Everyone	16%
Serious DIYers	27%
Ford	
Everyone	15%
Serious DIYers	24%
Oldsmobile	
Everyone	9%
Serious DIYers	10%
Buick	
Everyone	7%
Serious DIYers	9%
Pontiac	
Everyone	6%
Serious DIYers	5%
Dodge	
Everyone	5%
Serious DIYers	3%
Honda	
Everyone	5%
Serious DIYers	5%
Nissan/Datsun	
Everyone	5%
Serious DIYers	2%
Mercury	
Everyone	4%
Serious DIYers	3%
Plymouth	
Everyone	4%
Serious DIYers	3%
Toyota	
Everyone	4%
Serious DIYers	3%
Chrysler	
Everyone	3%
Serious DIYers	3%
Cadillac	
Everyone	3%
Serious DIYers	1%
Lincoln	
Everyone	2%
Serious DIYers	1%
Volkswagen	
Everyone	2%
Serious DIYers	*
Hyundai	
Everyone	1%
Serious DIYers	*
Jeep/Eagle/AMC	
Everyone	1%
Serious DIYers	*
Mazda	
Everyone	1%
Serious DIYers	*
Mercedes	
Everyone	1%
Serious DIYers	*
Subaru	
Everyone	1%
Serious DIYers	*

* Cell too small for accurate measurement.

WHAT THEIR SEXES ARE

We noted if the household representatives to whom we spoke who were responsible for maintaining a vehicle were male or female.

Male	57%
Female	43%

HOW OLD THEY ARE

We asked vehicle maintainers their age.

Under 18	1%
18-24	11%
25-34	26%
35-44	23%
45-54	14%
55-64	11%
Over 65	14%

ac, and Subaru. On the other hand, they tended to pick Fords in lower percentages than the overall population.

Women vehicle maintainers tended to make less money then men; of those making under $20,000 in annual household income 54% were women while 46% were men. However, among those making $20,000 to $30,000, 58% were men and 42% were women, and among those making over $40,000, 69% were male compared to 31% female. Women vehicle maintainers tended to be single, too. Some 58% of women said they were single compared to 64% of male maintainers who said that they were married.

The challenge is to get these women into auto parts stores. Just over a quarter of them reported buying parts in these stores in the previous years. Slightly more bought these products in discount stores, almost as many as those who went to department stores. It is worth noting that women obviously aren't as comfortable at a car dealer as men are; only a tenth of them bought parts at a dealer, compared to 17% of all male maintainers.

WHAT THEIR INCOMES ARE

We asked vehicle maintainers what their household income levels are.

Under $10,000	9%
10,000-20,000	17%
20,000-30,000	18%
30,000-40,000	17%
40,000-50,000	11%
Over 50,000	18%

Does not equal 100% due to refusals to answer

WHAT THEIR EDUCATIONAL LEVELS ARE

We asked vehicle maintainers how much schooling they had had.

Some high school	10%
High school graduate	36%
Some college	25%
College graduate	28%

Does not equal 100% due to refusals to answer

WHAT THEIR MARITAL STATUS IS

We asked vehicle maintainers what their marital status is.

Married	54%
Never married	21%
Divorced/separated	16%
Widowed	9%

Baby Boomer DIYers

The other major demographic trend in the U.S. is the aging of America. There's good news there, too. In all, 82% of those aged between 35 and 44-years-old—the baby boomers—said they were responsible for maintaining a vehicle. Of maintainers in that age group, 88% said they were some sort of DIYer. Of DIYers in that age group, 71% reported that their DIY level over the past five years had increased or stayed the same. And, 84% expected to be doing as much or more DIY work in the future as they are now.

Baby boomers had slightly more vehicles to maintain than the average. Among everyone, 53% were responsible for maintaining only one vehicle; among baby boomers that number fell to 43%. Some 16% of baby boomers maintain three vehicles, compared to 12% of the overall car-owning population.

HOW MANY VEHICLES THEY MAINTAIN

We asked vehicle maintainers how many vehicles they maintain.

One	53%
Two	29%
Three	12%
Four	4%
Five or more	2%

People tend to think in terms of cars like BMWs as baby boomer brands. But, in truth, most baby boomer income levels don't allow them to drive such expensive cars. They told us that they drove Chevrolets, Dodges, Mazdas, Mitsubishis, and Volvos in larger percentages than the car maintaining public as a whole. We found that they drove Cadillacs, Lincolns, and Oldsmobiles in smaller percentages than the vehicle maintaining public as a whole. As well, they drove more light trucks and vans than the overall vehicle maintaining public did.

WHAT THEIR PROFESSIONS ARE

We asked vehicle maintainers what their professions are.

Professional	16%
Retired	15%
Managers (except farm)	11%
Clerical	10%
Craftsmen	10%
Sales	7%
Service workers	5%
Housewife	5%
Operatives (not transport)	4%
Transportation operatives	3%
Laborers (except farm)	3%
Student	3%
Unemployed	2%
Farmers/managers	1%
Armed forces	1%
Farm laborers	0.5%
Private household workers	0.5%

Does not equal 100% due to refusals to answer

HOW OFTEN THEY SHOP FOR AUTOMOTIVE PRODUCTS

We asked vehicle maintainers how often they shopped for automotive products over the past year. The top five number of times mentioned were:

Three times	10%
Twice	10%
Once	8%
Four times	7%
Twice a month	7%

To say that baby boomers who are vehicle maintainers aren't all driving Mercedes isn't to say that they can't afford to maintain the vehicles they do drive. In all,

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STUDY METHODOLOGY

This year's is a very different *Consumer Automotive Repair Study (CARS)* than has ever been produced before. Previous studies have concentrated on the Do-It-Yourselfer (DIYer); this study was made of everyone, both DIYers and non-DIYers who maintains vehicles—the entire aftermarket customer base. The purpose is to show where the DIY market fits in the overall vehicle maintainer world.

To do this study, as in the previous seven studies, we retained the services of Chilton Research Services, one of the country's leading market research firms. Its interviewers called 1,673 households across the country over a month-long period, asking each respondent if anyone in the household owned one or more vehicles. In all, vehicles were owned in 1,493 households.

The researchers then asked if the person on the phone were responsible for maintaining any of the vehicles. If the person reached on the phone did not qualify as a vehicle maintainer, the interview was ended.

The remainder were then asked to participate in *CARS*. In all, 1,173 individuals who were responsible for maintaining a vehicle cooperated with Chilton Research. These individuals were read a list of automotive products. If they purchased any of these products, they were asked a set of questions about their buying habits for those products. As well, we asked who installed the product—a DIYer or a professional—and why the maintainer chose that method of installation.

The answers that the interviewers got were "top-of-mind" answers. Many questions were open-ended, meaning that the interviewers did not provide a list of possible answers for a respondent to select from. Instead, the interviewers took down the respondent's first answer. Market research professionals feel that lists of suggested answers tend to prejudice the responses.

It must be noted that in no way are the figures produced in this study comparable with previous *CARS* studies which concentrated on DIYers only. However, as in previous studies, this study is nationally projectable, using weighted numbers. It gives an accurate picture of the ultimate consumer for the entire aftermarket—the vehicle maintainer. ■

WHERE THEY SHOP FOR AUTOMOTIVE PRODUCTS

We asked vehicle maintainers where they bought automotive products. Discount stores were the most mentioned location, followed closely by automotive parts stores.

Discount stores	28%
Auto parts stores	26%
Specialty installers	24%
Department stores	22%
Gas station	14%
Car dealership	14%
Hardware store	13%
Supermarket	9%
Convenience store	9%
Drug store	5%

Answer is higher than 100% due to multiple choices.

HOW MUCH TIME IS SPENT ON DIY

We asked vehicle maintainers how many hours a month they spent on automotive DIY work. Almost half spent between one and five hours a month.

1-5 hours	46%
None	32%
Under 1 hour	10%
6-10 hours	7%
11-15 hours	2%
16-20 hours	1%
21-25 hours	1%
26-30 hours	1%

HOW MUCH DIYERS ENJOY AUTOMOTIVE DIY

We asked how much vehicle maintainers who said they did automotive DIY work how much they enjoyed it.

Somewhat	34%
Not too much	26%
Not at all	22%
A lot	18%

IF THEY'RE DOING MORE OR LESS DIY

We asked DIYers if their involvement level with automotive DIY work had changed over the past five years.

Stayed the same	44%
Increased	31%
Decreased	25%

IF THEY'RE GOING TO DO MORE DIY

We asked DIYers if they expected to do more or less automotive DIY work in the future. Most expect to do about the same amount then as now.

Stay the same	58%
Increase	24%
Decrease	18%

32% of the baby boomer in our study made between $30,000 and $40,000 in annual household income, while 29% made over $40,000. This compares to the overall vehicle maintainer population of which 17% made between $30,000 and $40,000 and 29% made over $40,000. It's no surprise that 37% of them were college graduates compared to 28% of the vehicle maintaining population as a whole.

So, they've got vehicles, they're DIYers, and they've got the money to spend on vehicle maintenance. But, auto parts stores aren't getting their share of the business from these maintainers. There's still room for auto parts chains to get baby boomers into their stores. A quarter of all in this age group reported buying parts at an auto parts store last year, while 36% of those under 25-years-old bought in these stores. Almost a third of baby boomers bought parts at some sort of specialty installer such as a quick lube or muffler shop.

The resulting conclusion from looking at DIY levels among all vehicle maintainers is that the automotive aftermarket for the foreseeable future will depend heavily on the DIY segment and that faith will be well placed. ■

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WAX & POLISH

Wax or polish products were purchased by 19% of all vehicle maintainers last year. They were tied for tenth with starting or charging parts such as alternators or starting motors among product lines we studied.

Of wax and polish buyers, well over half were men, while just over half were between 25 and 44-years-old and spend between one and five hours a month on vehicle DIY.

Buying Wax Or Polish

Automotive wax and polish products are sold in just about every type of retail outlet short of shoe stores. However, when buying the products, men tend to go to either to auto parts stores, 41%, or discount stores, 21%. Women buy just about everywhere. In all 66% of those buying from car dealers, 65% of those buying from supermarkets, and 73% of those buying from drug stores are women.

Just over half of those who spend 11 or more hours a month on automotive DIY buy from an auto parts store, compared to only a third of those who spend between one and five hours a month. However, it's also true that 58% of those who bought the product at an auto parts store spent 1-5 hours while only 8% of those who bought at the same type store spent 11 or more hours a month. In other words, just less than a tenth of all wax and polish DIYers are also serious DIYers but over half of them buy this product at an auto parts store. That's a good market.

Detailing Shops

Detailing shops have a good part of wax and polish sales with a quarter of all women who bought the product having it installed at such a shop. Very similar percentages of the population of those who make over $40,000 in annual household incomes and those who spend less than an hour a month on automotive DIY also went to a detailing shop to have wax and polish applied.

However, most of the people in these groups didn't say, as might have been expected, they did it to get it done right, but rather they said it was to "save time." ■

WHERE THEY BOUGHT WAX OR POLISH

More vehicle maintainers turned to automotive parts stores to buy wax or polish than any other single source. The top five sources are:

Automotive parts store	31%
Discount store	20%
Car wash/detailer	16%
Department store	4%
Specialty installer	4%
Car dealership	4%

WHO APPLIED WAX OR POLISH

DIYers applied more wax or polish than any other single applier. The top five appliers were:

DIYer	76%
Car wash/detailer	17%
Specialty installer	4%
Car dealership	3%
Independent garage	2%

HOW MANY VEHICLES WAX OR POLISH WAS PURCHASED FOR

Most vehicle maintainers bought wax or polish for only one vehicle.

One	57%
Two	32%
Three or more	11%

WHAT TYPE OF VEHICLE THEY BOUGHT WAX OR POLISH FOR

Most vehicle maintainers who bought wax or polish, bought them for a car.

Car	71%
Light truck	7%
Van	2%
Utility vehicle	1%
More than one vehicle	20%

WHY DIYERS APPLIED WAX OR POLISH

Most DIYers applied wax or polish to save money. The top five reasons were:

To save money	32%
It's a simple job	26%
Can do it myself	21%
Make sure it's done right	14%
Enjoyed it	14%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't apply their own wax or polish said they didn't have enough time to. The top five reasons were:

Lack of time	37%
Lack of enjoyment	16%
Get it done right	8%
Lack of knowledge	8%
Inconvenient	4%

DID THEY SHOP AROUND FOR WAX OR POLISH

We asked if the vehicle maintainer shopped around for the best price for wax or polish. Most didn't.

No	62%
Yes	37%

WHAT QUALITY WAX OR POLISH THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line wax or polish. Most maintainers bought what they felt to be the best available.

Top-of-the-line	70%
Middle-of-the-line	27%
Bottom-of-the-line	1%

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PROTECTANTS

Appearance chemicals include protectants, and tire, vinyl, and upholstery cleaners. They were purchased by 12% of all vehicle maintainers over the previous year; they were the 15th most popular product we studied.

Younger maintainers buy these products; 19% of those under 25-years-old bought them compared to 5% of those over 55. In all, 22% of those who put in 11 or more monthly automotive DIY hours buy the products, compared to 10% who put in less than an hour. Finally, 14% of men buy them compared to 9% of women.

Buying Appearance Chemicals

Not only do men buy more appearance chemicals, but almost twice as many percentage points of men vs women buy them at auto parts stores (41% vs 21%). Women like to buy them in department stores, 15% of women buying there compared to 4% of men buyers. As well, 36% of maintainers under 25-years-old buy them at auto parts stores compared to a quarter of those over 55.

The younger the DIYer, too, the more apt he is to apply his own appearance chemicals. Of those under 25-years-old, 96% applied their own, while 77% of those between 35 and 44 and 60% of those over 55 applied their own. In much the same way, 86% of those with annual household incomes under $20,000 applied their own; 73% of those making $20-30,000 did; and 66% of those making over $40,000 did.

Motives Explained

Oddly enough, only 5% of women said they didn't apply appearance chemicals because they didn't know how to, but 15% of men gave that as their excuse. As well, a quarter of men non-appliers said they didn't like doing it, compared to only 16% of women. However, 15% of women said they didn't because someone else in their household did the job for them—still a DIY job, regardless.

Among those who did the job, the biggest group of women, 42% said they could do it, compared to only 17% of men. "To save money" was the reason for 34% of men and 27% of women. ■

WHERE THEY BOUGHT APPEARANCE CHEMICALS

More vehicle maintainers turned to automotive parts stores to buy appearance chemicals such as protectants and tire cleaners than any other single source. The top five sources are:

Automotive parts store	35%
Discount store	26%
Car wash/detailer	7%
Department store	7%
Supermarket	4%
Car dealership	4%

WHO APPLIED APPEARANCE CHEMICALS

DIYers applied more appearance chemicals than any other single applier. The top five appliers were:

DIYer	83%
Car wash/detailer	8%
Car dealership	3%
Specialty installer	3%
Independent garage	3%

HOW MANY VEHICLES APPEARANCE CHEMICALS WERE PURCHASED FOR

Most vehicle maintainers bought appearance chemicals for only one vehicle.

One	44%
Two	35%
Three or more	17%

WHY DIYERS APPLIED APPEARANCE CHEMICALS

Most DIYers applied appearance chemicals to save money. The top five reasons were:

To save money	33%
It's a simple job	24%
Can do it myself	24%
Enjoyed it	13%
Make sure it's done right	11%

WHAT TYPE OF VEHICLE THEY BOUGHT APPEARANCE CHEMICALS FOR

Most vehicle maintainers who bought appearance chemicals, bought them for a car.

Car	67%
Light truck	6%
Van	3%
Utility vehicle	2%
More than one vehicle	23%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't apply their own appearance chemicals said they didn't have enough time to. The top five reasons were:

Lack of time	28%
Lack of enjoyment	20%
Lack of knowledge	10%
Car in for service	9%
Lack of tools	7%

DID THEY SHOP AROUND FOR APPEARANCE CHEMICALS

We asked if the vehicle maintainer shopped around for the best price for appearance chemicals. Most didn't.

No	61%
Yes	39%

WHAT QUALITY APPEARANCE CHEMICALS THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line appearance chemicals. Most maintainers bought what they felt to be the best available.

Top-of-the-line	60%
Middle-of-the-line	40%

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OIL & GAS ADDITIVES

Some 15% of all vehicle maintainers bought oil or gas additives during the past year. This makes them the eleventh most popular type of product we studied.

Since it's so simple to open a bottle of additive and pour it into the oil or gas, why isn't every additive buyer a DIYer? In all, 34%, the largest group, of men said they were too busy to do the job—only 5% of women gave this excuse. Over a quarter, 27%, of maintainers between 25- and 34-years-old gave this reason, while only 10% of those 45-54 and 7% of those over 55-years-old did. The most offered excuse from women, 35%, was that they didn't know how to do it. That was also the biggest excuse for 35-44-year-old maintainers, the "baby boomers."

The Female Market

Almost half, 45%, of additive buyers were female, quite a large percentage compared to other products.

Female additive buyers, however, aren't going to auto parts stores for additives as often as male buyers. Where 42% of male additive buyers got the products at auto parts stores, only 23% of females shopped at these stores for the product. Indeed, only women mentioned buying additives at drug stores and supermarkets. Clearly, there's a large additive market that auto parts stores are missing.

The Serious DIYer Market

DIYers who spend 11 or more hours a month on vehicle DIY work—serious DIYers—spend more on additives than other DIYers. In all, 32% of this group reported buying additives during the previous year. While 5% of the population responsible for maintaining a vehicle puts in 11 or more hours a month on that vehicle, 11% of additive buyers put in this many hours a month. Moreover, around half buy their additives at auto parts stores.

The second largest supplier of additives to serious DIYers, the gas station, sells to only 18% of the serious DIYers. Indeed, 12% of these serious DIYers also had the service station mechanic put in the additive, obviously an impulse buy for a car already being serviced. ■

WHERE THEY BOUGHT OIL OR GAS ADDITIVES

More vehicle maintainers turned to automotive parts stores to buy oil or gas additives than any other single source. The top five sources are:

Automotive parts store	34%
Gas station	23%
Discount store	17%
Department store	6%
Car dealership	5%

WHO INSTALLED OIL OR GAS ADDITIVES

DIYers installed more oil or gas additives than any other single installer. The top five installers were:

DIYer	73%
Gas station	15%
Car dealership	5%
Specialty installer	3%
Independent garage	2%

WHY DIYERS INSTALLED OIL OR GAS ADDITIVES

Most DIYers installed oil or gas additives to save money. The top five reasons were:

It's a simple job	38%
To save money	37%
Can do it myself	30%
Needed it done	17%
Convenient to do	7%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own oil or gas additives said they didn't know how to. The top five reasons were:

Lack of knowledge	26%
Lack of enjoyment	18%
Lack of time	15%
Car already being serviced	10%
Inconvenient	8%

HOW MANY VEHICLES OIL OR GAS ADDITIVES WERE PURCHASED FOR

Most vehicle maintainers bought oil or gas additives for only one vehicle.

One	69%
Two	23%
Three or more	8%

WHAT TYPE OF VEHICLE THEY BOUGHT OIL OR GAS ADDITIVES FOR

Most vehicle maintainers with only one vehicle who bought oil or gas additives, bought them for a car.

Car	72%
Light truck	7%
Van	4%
Utility vehicle	4%
More than one vehicle	13%

WHAT QUALITY OIL OR GAS ADDITIVES THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line oil or gas additives. Most bought what they felt to be the best.

Top-of-the-line	65%
Middle-of-the-line	31%
Bottom-of-the-line	3%
Don't know	1%

DID THEY SHOP AROUND FOR OIL OR GAS ADDITIVES

We asked if the vehicle maintainer shopped around for the best price for oil or gas additives. Most didn't.

No	54%
Yes	46%

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PAINT/BODY REPAIR

A total of 8% of all vehicle maintainers purchased some sort of body repair or paint product during the past year. These were the 19th most purchased products among those we studied.

The average body repair or paint product buyer is male, 71%; between 25 and 44-years-old, 65%; makes over $30,000 in annual household income, 55%; spends between one and five hours a month working on his vehicle, 60%; and has one, 42%, or two, 30%, vehicles.

Two Product Types

This category is a difficult one to track because there are two vastly different types of jobs to be done. The individual DIYer can use inexpensive products to repair minor dings, dents, and nicks. The professional shop uses quite different products to repair major body work. It's no surprise, then, that while 19% of all buyers of these products buy them from auto parts stores, another 17% goes to autobody shops—a clear picture of the different types of products available.

To get a good picture, we must look at buyers who also used the product themselves. In all, 91% were men, 30% were between 35 and 44 years old while another 32% were 25 to 34 years old. Some 36% had household incomes of less than $20,000 while 31% made over $40,000 annually—income does not appear to play a part in selling body repair products or paint. Finally, over half, 52%, had to maintain three or more vehicles.

Why They Do It

When asked, just about half the men said they applied their own body repair or paint product to save money. Just over a quarter more said that they did it because they could. Over half of DIYers who were 55-years-old or more did it because they could, as did 67% of those who spend six-to-ten hours a month on automotive DIY. Some 43% of DIYers aged between 25 and 34 years in age, 32% of DIYers making between $20,000 and $40,000, and 31% of DIYers who spend six or more hours a month on automotive DIY enjoy using these products. ■

WHERE THEY BOUGHT BODY REPAIR PRODUCTS OR PAINT

More vehicle maintainers turned to automotive parts stores to buy body repair products or paint than any other single source. The top five sources are:

Automotive parts store	19%
Specialty installer	18%
Autobody shop	17%
Independent garage	16%
Car dealership	15%

WHO INSTALLED BODY REPAIR PRODUCTS OR PAINT

DIYers and independent garages installed more body repair products or paint than any other single installer. The top five installers were:

DIYer	27%
Independent garage	27%
Specialty installer	18%
Body shop	11%
Car dealership	11%

HOW MANY VEHICLES BODY REPAIR PRODUCTS OR PAINT WERE PURCHASED FOR

Most vehicle maintainers bought body repair products or paint for only one vehicle.

One	88%
Two	9%
Three or more	4%

WHAT TYPE OF VEHICLE THEY BOUGHT BODY REPAIR PRODUCTS OR PAINT FOR

Most vehicle maintainers who bought body repair products or paint, bought them for a car.

Car	74%
Light truck	16%
Utility vehicle	4%
Van	3%
More than one vehicle	3%

WHY DIYERS INSTALLED BODY REPAIR PRODUCTS OR PAINT

Most DIYers installed body repair products or paint to save money. The top five reasons were:

To save money	48%
Can do it myself	29%
Enjoyed it	14%
It's a simple job	12%
Needed it done	12%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own body repair products or paint said they didn't know how to. The top five reasons were:

Lack of knowledge	70%
Lack of tools	11%
Lack of time	9%
Get it done right	7%
Done for free	4%

DID THEY SHOP AROUND FOR BODY REPAIR PRODUCTS OR PAINT

We asked if the vehicle maintainer shopped around for the best price for body repair products or paint. Most didn't.

Yes	49%
No	50%
Don't know	1%

WHAT QUALITY BODY REPAIR PRODUCTS OR PAINT THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line body repair products or paint. Nobody bought what they felt to be bottom-of-the-line.

Top-of-the-line	50%
Middle-of-the-line	50%

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OIL CHANGE PRODUCTS

With 43% of all vehicle maintainers buying motor oil or related products such as oil filters over the course of a year, oil change products are the second most popular product among those we studied.

Just over half, 57%, of oil change product purchasers are male, half are between 25- and 44-years-old, and have an annual household income of $30,000 or more. Slightly less than half spend between one and five hours a month on automotive DIY, and are responsible for maintaining one vehicle.

The Specialty Installers

Quick lubes have gained an increasing share of the oil change market in recent years. The convenience they offer attracts women, of whom almost a quarter had oil change products installed there. Another 16% of women patronized a car dealer, and 15% went to a gas station for oil change products.

Around a quarter of all people who spend less than an hour a month on automotive DIY work visited a quick lube. And, over half of those who had oil change products installed at a quick lube had annual household incomes of $30,000 or more.

On the other hand, quick lubes do not appeal to men as a whole, with only 15% buying oil change products there. Only 12% of those with household incomes of less than $20,000 could afford their services. And, only 6% of DIYers who spend six or more hours a month on DIY patronized a quick lube.

Why They Don't DIY

Since only 9% of women install their own oil change products, there's a large market out there. Only 13% say they don't do the work because they don't like to. But, growing a female oil change market takes education; 54% of women say they don't install oil change products since they don't know how.

Of vehicle maintainers with annual household incomes of $40,000 or more, a quarter say they don't have enough time to change or top off oil. Another 32% say they don't know how to do the job, and 16% say they don't like to do it. ■

WHERE THEY BOUGHT OIL CHANGE PRODUCTS

More vehicle maintainers turned to automotive parts stores to buy oil change products, e.g., oil and oil filter, than any other single source. The top five sources are:

Automotive parts store	26%
Specialty installer	21%
Car dealership	14%
Gas station	13%
Discount store	10%

WHO INSTALLED OIL CHANGE PRODUCTS

DIYers installed more oil change products than any other single installer. The top five installers were:

DIYer	41%
Specialty installer	18%
Car dealership	14%
Gas station	12%
Independent garage	8%

HOW MANY VEHICLES OIL CHANGE PRODUCTS WERE PURCHASED FOR

Most vehicle maintainers bought oil change products for only one vehicle.

One	54%
Two	32%
Three or more	12%

WHAT TYPE OF VEHICLE THEY BOUGHT OIL CHANGE PRODUCTS FOR

Most vehicle maintainers who bought oil change products, bought them for a car.

Car	66%
Light truck	7%
Van	2%
Utility vehicle	1%
More than one vehicle	24%

WHY DIYERS INSTALLED OIL CHANGE PRODUCTS

Most DIYers installed oil change products to save money. The top five reasons were:

To save money	64%
Can do it myself	24%
It's a simple job	19%
Personal enjoyment	10%
Make sure it's done right	7%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own oil change products said they didn't know how to. The top five reasons were:

Lack of knowledge	37%
Lack of time	21%
Lack of enjoyment	13%
Lack of proper tools	9%
Inconvenient	7%

DID THEY SHOP AROUND FOR OIL CHANGE PRODUCTS

We asked if the vehicle maintainer shopped around for the best price for oil change products. Most did.

Yes	55%
No	45%

WHAT QUALITY OIL CHANGE PRODUCTS THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line oil change products. Most bought what they felt to be the best.

Top-of-the-line	67%
Middle-of-the-line	32%
Bottom-of-the-line	0%

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EXHAUST

Exhaust system parts such as mufflers, catalytic converters, and pipes, were purchased by 14% of all vehicle maintainers over the course of the past year. This makes these the 13th most purchased product category of all we studied.

Not unexpectedly, the sale of exhaust system parts increased with the more vehicles maintained and the number of DIY hours the DIYer put in. While 11% of those with one vehicle bought exhaust system parts, 22% of those who maintained three or more vehicles bought these products. And, 11% of those who put in less than an hour a month on automotive DIY bought exhaust products, while 19% of those who put in 11 or more hours did.

Specialty Installers Rule

Specialty installers have most of the exhaust system part sales market. In all, 47% said they went to such an installer or muffler shop. Only 16% bought these products from an auto parts store. But, 42% of those who put in 11 or more hours of automotive DIY – the serious DIYers – went to an auto parts store for these products, against 39% who went to a specialty installer. That is the only demographic group we studied who bought more exhaust parts from an auto parts store than a specialty retailer.

When it comes to installing exhaust parts, a third of all serious DIYers did their own job, while 30% went to a specialty installer. Oddly enough, 47% of all men who bought these parts used a specialty installer compared to only 41% of all women. On the other hand, a tenth of all women went to a car dealer for these products' installations, compared to only 3% of all men who bought the products.

In most categories, DIYers installed exhaust parts to save money. When we asked why maintainers didn't do it, however, most men, 43%, said they didn't have the right tools while most women, 72%, said they didn't know how to do it. Of all maintainers younger than 25-years-old, 63% said they didn't know how, while 61% of those with one vehicle to maintain, and half of those who spent less than an hour a month on automotive DIY gave that as their reason for not doing it. ■

WHERE THEY BOUGHT EXHAUST SYSTEM PRODUCTS

More vehicle maintainers turned to specialty installers to buy exhaust system products, e.g., mufflers, catalytic converters, and pipes, than any other single source. The top five sources are:

Specialty installer	44%
Independent garage	17%
Automotive parts store	16%
Car dealership	7%
Gas station	7%

WHO INSTALLED EXHAUST SYSTEM PRODUCTS

Specialty installers and muffler shops installed more exhaust system products than any other single installer. The top five installers were:

Specialty installer	45%
Independent garage	22%
DIYer	14%
Gas station	6%
Car dealership	5%

HOW MANY VEHICLES EXHAUST SYSTEM PRODUCTS WERE PURCHASED FOR

Most vehicle maintainers bought exhaust system products for only one vehicle.

One	91%
Two	7%
Three or more	1%

DID THEY SHOP AROUND FOR EXHAUST SYSTEM PRODUCTS

We asked if the vehicle maintainer shopped around for the best price for exhaust system products. Most did.

Yes	51%
No	49%

WHAT TYPE OF VEHICLE THEY BOUGHT EXHAUST SYSTEM PRODUCTS FOR

Most vehicle maintainers who bought exhaust system products, bought them for a car.

Car	78%
Light truck	13%
Van	4%
Utility vehicle	3%
More than one vehicle	3%

WHY DIYERS INSTALLED EXHAUST SYSTEM PRODUCTS

Most DIYers installed exhaust system products to save money. The top five reasons were:

To save money	64%
Can do it myself	23%
It's a simple job	17%
Personal enjoyment	10%
Needed it done	6%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own exhaust system products said they didn't know how to. The top five reasons were:

Lack of knowledge	42%
Lack of proper tools	29%
Lack of time	12%
Lack of enjoyment	7%
Want it done right	6%

WHAT QUALITY EXHAUST SYSTEM PRODUCTS THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line exhaust system products. Most bought what they felt to be of average quality.

Middle-of-the-line	58%
Top-of-the-line	39%
Bottom-of-the-line	4%

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FRONT END PARTS

In all, 11% of all vehicle maintainers purchased some sort of front end part. such as a spring, shock, or strut, during the course of the previous year. These were the 16th most purchased product category among products we studied.

Typically, the front end part buyer is male, 66%; between 25- and 44-years-old, 56%; with an annual household income of over $30,000, 49%; responsible for maintaining one or two vehicles, 35% each; and spends between one and five hours on automotive DIY a month, 53%.

The Specialty Installer

Although with a 33% market share auto parts stores sell most front end parts to vehicle maintainers, certain groups go elsewhere in significant numbers. Almost as many women go to specialty installers for these parts as buy them at auto parts stores. Maintainers 55-years-old or more also like specialty installers, with 41% of them going there for these parts, compared to only 24% who go to auto parts stores. A quarter of maintainers with annual household incomes of over $40,000 go to specialty installers compared to only 18% who go to auto parts stores.

The independent garage attracts 21% of those making between $30,000 and $40,000 annually, while only 11% of all maintainers buy from these sources. Almost a quarter of those making over $40,000 return to car dealers, roughly the same amount of those who spend less than an hour a month on vehicle DIY.

Why They Don't DIY

Not having the specialized tools for replacing many front end parts, such as spring compressors for struts, stops many maintainers who said they would otherwise do the job. In all, 45% of all men gave this as their excuse, while only 40% said they didn't know how to do the job. Indeed, 60% of those who spend between six and ten hours a month on automotive DIY who didn't install their own front end parts lacked the proper tools. Most women who didn't put in their own front end parts, 69%, said they didn't know how to, as did 59% of maintainers between 25- and 44-years-old. ■

WHERE THEY BOUGHT FRONT END PARTS

More vehicle maintainers turned to automotive parts stores to buy front end parts such as springs than any other single source. The top five sources are:

Automotive parts store	33%
Specialty installer	19%
Car dealership	14%
Independent garage	11%
Discount store	4%

WHO INSTALLED FRONT END PARTS

DIYers installed more front end parts than any other single installer. The top five installers were:

DIYer	38%
Specialty installer	23%
Independent garage	14%
Car dealership	13%
Department store	4%

HOW MANY VEHICLES FRONT END PARTS WERE PURCHASED FOR

Most vehicle maintainers bought front end parts for only one vehicle.

One	87%
Two	10%
Three or more	2%

WHAT TYPE OF VEHICLE THEY BOUGHT FRONT END PARTS FOR

Most vehicle maintainers with only one vehicle who bought front end parts, bought them for a car.

Car	73%
Light truck	13%
Utility vehicle	5%
Van	4%
More than one vehicle	5%

WHY DIYERS INSTALLED FRONT END PARTS

Most DIYers installed front end parts to save money. The top five reasons were:

To save money	56%
Needed it done	23%
Can do it myself	23%
Enjoyed it	12%
I'm a mechanic	12%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own front end parts said they didn't know how to. The top five reasons were:

Lack of knowledge	53%
Lack of tools	32%
Lack of time	16%
Lack of enjoyment	7%
Want it done right	5%

DID THEY SHOP AROUND FOR FRONT END PARTS

We asked if the vehicle maintainer shopped around for the best price for front end parts. Most didn't.

No	59%
Yes	41%

WHAT QUALITY FRONT END PARTS THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line front end parts. Most maintainers bought what they felt to be the best available.

Top-of-the-line	66%
Middle-of-the-line	34%

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REPAIR MANUALS

Automotive repair manuals were purchased by 5% of all vehicle maintainers during the course of the previous year. However, 13% of maintainers who spend between six and 10 hours a month on automotive DIY and 11% of those who spend 11 or more hours also bought books within the year. This means that the serious DIYers who buy automotive products in large numbers from auto parts stores also buy more manuals than does the average population.

Book buyers tend to be male and young (the percentage of book buyers drops off in every age group after 34).

Shopping At Auto Parts Stores

Some categories of vehicle maintainers look for repair manuals at auto parts stores more than other categories. Half of those making between $30,000 and $40,000 in annual household income and half of those making over $40,000 bought their manuals at auto parts stores. Among those making $20,000 to $30,000, 71% bought manuals there. About half of those with only one vehicle and half of those whose DIY involvement is increasing also shopped at auto parts stores for manuals. Over half of those younger than 34-years-old and 45- to 54-years-old bought their manuals there.

At the same time only 28% of those aged between 35- and 44-years-old bought manuals at auto parts stores, while almost a quarter of them went to a book store instead. Only 22% of those who spent less than an hour on automotive DIY a month went to an auto parts store, while 30% of this group bought their manuals at car dealerships.

Buying More Than One

Since most people buy only one manual for every vehicle they must maintain and since few people buy more than one vehicle during the course of a year, it's surprising to find a fair number of people who bought more than one repair manual during the course of last year. However, 16% of all maintainers who bought manuals bought two of them, 4% bought three, 3% bought four, 2% bought five, 3% bought six, and 2% bought eight. ■

WHERE THEY BOUGHT REPAIR MANUALS

More vehicle maintainers turned to automotive parts stores to buy repair manuals than any other single source. The top five sources are:

Automotive parts store	48%
Book store	11%
Discount store	11%
Department store	9%
Car dealership	7%

WHO BOUGHT REPAIR MANUALS BY GENDER

More men bought repair manuals than women.

Males	70%
Females	30%

WHO BOUGHT REPAIR MANUALS BY AGE

Purchase levels among vehicle maintainers drop off as maintainers get older.

Less than 25 years	15%
25-34	32%
35-44	25%
45-54	17%
55+	11%

WHO BOUGHT REPAIR MANUALS BY INCOME

Vehicle maintainers at both ends of the total household income spectrum bought repair manuals.

Less than $20K	28%
$20-30K	15%
$30-40K	18%
$40K+	28%

HOW MANY MANUALS THEY BOUGHT

A considerable number of vehicle maintainers bought more than one manual.

One	67%
Two	16%
Three or more	12%

HOW MANY VEHICLES THEY BOUGHT MANUALS FOR

Almost a quarter of maintainers bought manuals for two vehicles.

One	67%
Two	23%
Three or more	7%

WHAT TYPES OF VEHICLES THEY BOUGHT MANUALS FOR

Most vehicle maintainers bought a repair manual describing their car.

Car	72%
Light truck	9%
Van	6%
More than one vehicle	13%

DID THEY SHOP AROUND FOR MANUALS

We asked if the vehicle maintainer shopped around for the best price for repair manuals. Most didn't.

No	70%
Yes	28%
Don't know	2%

WHAT QUALITY MANUALS THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line repair manuals. Most maintainers bought what they felt to be the best available.

Top-of-the-line	57%
Middle-of-the-line	37%
Bottom-of-the-line	2%
Don't know	4%

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LIGHTING

Lighting products, such as headlights and off-road lights, were purchased by 15% of all vehicle maintainers. They were the 11th most purchased item studied.

In all, 66% of all lighting purchasers were male and half were between 25- and 44-years-old. However, 29% had annual household incomes of under $20,000 annually, while 37% had annual household incomes of over $40,000. Interestingly, lighting products were more commonly purchased by less active DIYers; 48% spent one to five hours monthly on automotive DIY while 34% spent less than an hour. Only 9% spent over 11 hours. As well, 46% were responsible for maintaining one vehicle; 31% for two; and 23% for three or more.

Lighting Buying Patterns

In all, 69% of people who bought lighting products at auto parts stores were men. As well, 81% of those who bought at discount stores were male; they obviously were comfortable picking up their lighting products without the help of expert sales personnel. However, 67% of those who bought them at car dealers were women, while 63% of those who bought at a specialty installer were also women. It would appear, therefore, that generally women are less comfortable picking out lighting products without some sort of advice.

As well, 81% of those who bought lighting products in independent garages also spent less than an hour a month on DIY work. One might think this would mean that non-DIYers generally need help in picking out the right products. However, just over half (55%) of those who purchased lighting products in department stores, where generally it is hard to get expert advice, were also people who spent less than an hour a month on vehicle DIY.

Installing The Products

When it came to installing lighting products, just over a quarter of female buyers turned to a friend or relative, while another 21% installed their own. Among men, slightly over three quarters installed their own, while 8% respectively had them installed by gas stations or independent garages. ■

WHERE THEY BOUGHT LIGHTING PRODUCTS

More vehicle maintainers turned to automotive parts stores to buy lighting products such as headlights or fog lights than any other single source. The top five sources are:

Automotive parts store	50%
Discount store	13%
Gas station	10%
Independent garage	8%
Car dealership	7%

WHO INSTALLED LIGHTING PRODUCTS

DIYers installed more lighting products than any other single installer. The top five installers were:

DIYer	71%
Independent garage	9%
Gas station	8%
Car dealership	7%
Specialty installer	3%

HOW MANY VEHICLES LIGHTING PRODUCTS WERE PURCHASED FOR

Most vehicle maintainers bought lighting products for only one vehicle.

One	85%
Two	13%
Three or more	2%

WHAT TYPE OF VEHICLE THEY BOUGHT LIGHTING PRODUCTS FOR

Most vehicle maintainers who bought lighting products, bought them for a car.

Car	74%
Light truck	12%
Van	4%
Utility vehicle	2%
More than one vehicle	8%

WHY DIYERS INSTALLED LIGHTING PRODUCTS

Most DIYers installed lighting products to save money. The top five reasons were:

To save money	42%
It's a simple job	35%
Can do it myself	18%
To save time	9%
Convenient to do	6%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own lighting products said they didn't know how to. The top five reasons were:

Lack of knowledge	52%
Lack of time	14%
Lack of tools	7%
Inconvenient	6%
Want it done right	5%

DID THEY SHOP AROUND FOR LIGHTING PRODUCTS

We asked if the vehicle maintainer shopped around for the best price for lighting products. Most didn't.

No	63%
Yes	36%

WHAT QUALITY LIGHTING PRODUCTS THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line lighting products. Most maintainers bought what they felt to be the best available.

Top-of-the-line	55%
Middle-of-the-line	42%
Bottom-of-the-line	3%

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TUNE-UP PARTS

Tune-up products such as spark plugs and wires were purchased by 30% of all vehicle maintainers, making this type of product the fifth most purchased product of all those we studied.

Among purchasers of tune-up products, 64% were male, 53% were between 25- and 44-years-old, half had annual household incomes of over $30,000, slightly over half spent between one and five hours a month on automotive DIY work, and 47% were responsible for maintaining only one vehicle.

In every demographic group, the auto parts store is the favorite place to buy these products. Even women tend to buy the products in auto parts store, 37%, over the second place retailer, the car dealer, 26%.

The Specialty Installer

Only 9% of tune-up product buyers bought them at a specialty installer. Certain groups patronized specialty tune-up parts installers more than others. Younger buyers are one example; 13% of those under 25-years-old bought tune-up products at a specialty installer. Then the numbers fall off as ages increase until retirement. The percentage of those 25- to 34-years-old is 11%, falling to 6% among those 35- to 44-years-old, and 4% among those 45- to 54-years-old. But, 11% of those older than 55 go to these outlets.

As well, those making between $20,000 and $40,000 in annual household incomes patronize specialty tune-up parts installers at a higher rate, 25% respectively, than others. In all, a quarter of all those in this income bracket who bought tune-up parts went to specialty installers.

Why They Don't DIY

Training vehicle maintainers how to install tune-up parts is vital if this market is to grow. Just over half of all non-DIYers said they didn't know how to do the job. However, that number grows to three quarters of all female non-DIYers. Some 66% of non-DIYers with only one vehicle also gave this as their excuse. In all, 60% of maintainers over 55-years-old also cited this reason—clearly a fear of advanced underhood technology. ■

WHERE THEY BOUGHT TUNE-UP PARTS

More vehicle maintainers turned to automotive parts stores to buy tune-up parts than any other single source. The top five sources are:

Automotive parts store	43%
Car dealership	21%
Independent garage	11%
Specialty installer	9%
Gas station	8%

WHO INSTALLED TUNE-UP PARTS

DIYers installed more tune-up parts than any other single installer. The top five installers were:

DIYer	44%
Car dealership	20%
Independent garage	14%
Specialty installer	10%
Gas station	9%

HOW MANY VEHICLES TUNE-UP PARTS WERE PURCHASED FOR

Most vehicle maintainers bought tune-up parts for only one vehicle.

One	68%
Two	23%
Three or more	9%

WHAT TYPE OF VEHICLE THEY BOUGHT TUNE-UP PARTS FOR

Most vehicle maintainers who bought tune-up parts, bought them for a car.

Car	69%
Light truck	12%
Van	2%
Utility vehicle	2%
More than one vehicle	15%

WHY DIYERS INSTALLED TUNE-UP PARTS

Most DIYers installed tune-up parts to save money. The top five reasons were:

To save money	60%
Can do it myself	28%
It's a simple job	15%
Needed it done	13%
Personal enjoyment	11%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own tune-up products said they didn't know how to. The top five reasons were:

Lack of knowledge	54%
Lack of time	18%
Lack of proper tools	12%
Lack of enjoyment	9%
Lack of personal confidence	7%

DID THEY SHOP AROUND FOR TUNE-UP PARTS

We asked if the vehicle maintainer shopped around for the best price for tune-up parts. Most didn't.

No	53%
Yes	47%

WHAT QUALITY TUNE-UP PARTS THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line tune-up products. Most bought what they felt to be the best.

Top-of-the-line	66%
Middle-of-the-line	33%
Bottom-of-the-line	0%

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COOLING SYSTEM PARTS

Cooling system parts were purchased by 8% of all vehicle maintainers. They were the 20th most purchased product of all those we studied.

Just over three quarters of cooling system purchasers were male, while almost half (47%) were 35-years-old or older, 53% made $30,000 in annual household income or more, and 59% spent 1-5 hours a month on automotive DIY work.

Where They Buy

Almost half of all cooling system parts buyers purchased the parts at an auto parts store. Yet, there are some differences among specific buying groups as to where they bought. For example, 56% of all male buyers went to auto parts stores and another 11% to car dealers. This compares with 45% of female buyers who went to an independent garage, with another 22% going to a dealer. Only 21% bought these parts at an auto parts store.

Serious DIYers, those spending 11 or more hours a month on DIY, bought the parts at auto parts stores in overwhelming numbers – 88% – compared to only 22% of those who spent less than an hour a month. In all, 32% of the minimal DIYers went to independent garages, compared to only 11% of serious DIYers.

Who Installs The Parts

There are definite patterns to DIYers who install their own cooling system parts. In all, 60% of the men who bought these parts installed them themselves, while only 5% of females did. Younger DIYers install more parts than older DIYers. In all, 66% of DIYers 25-years-old or younger installed their own, compared to only 33% of those 45-to-54-years-old and 39% of those over 55. Just over half (52%) of those with annual household incomes of less than $20,000 installed their own, compared to 35% of those making more than $40,000. Over three quarters of DIYers spending 11 or more hours a month on DIY installed their own, compared to only 31% of those who spent less than an hour a month. And, just over half of those with three vehicles installed their own compared to a quarter who maintained one vehicle. ■

WHERE THEY BOUGHT COOLING SYSTEM PARTS

More vehicle maintainers turned to automotive parts stores to buy cooling system parts such as fans, hoses, or replacement radiators than any other single source. The top five sources are:

Automotive parts store	48%
Independent garage	19%
Car dealership	13%
Gas station	5%
WD	3%

WHO INSTALLED COOLING SYSTEM PARTS

DIYers installed more cooling system parts than any other single installer. The top five installers were:

DIYer	57%
Independent garage	20%
Car dealership	16%
Gas station	4%
Specialty installer	2%

HOW MANY VEHICLES COOLING SYSTEM PARTS WERE PURCHASED FOR

Most vehicle maintainers bought cooling system parts for only one vehicle.

One	86%
Two	13%
Three or more	1%

WHAT TYPE OF VEHICLE THEY BOUGHT COOLING SYSTEM PARTS FOR

Most vehicle maintainers who bought cooling system parts, bought them for a car.

Car	63%
Light truck	20%
Van	7%
Utility vehicle	3%
More than one vehicle	8%

WHY DIYERS INSTALLED COOLING SYSTEM PARTS

Most DIYers installed cooling system parts to save money. The top five reasons were:

To save money	62%
Can do it myself	20%
To save time	15%
Needed it done	11%
Simple to do	9%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own cooling system parts said they didn't know how to. The top five reasons were:

Lack of knowledge	47%
Lack of time	18%
Lack of tools	10%
Already being serviced	9%
Lack of enjoyment	7%

DID THEY SHOP AROUND FOR COOLING SYSTEM PARTS

We asked if the vehicle maintainer shopped around for the best price for cooling system parts. Most didn't.

No	65%
Yes	33%
Don't know	2%

WHAT QUALITY COOLING SYSTEM PARTS THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line cooling system parts. Most maintainers bought what they felt to be the best available.

Top-of-the-line	50%
Middle-of-the-line	45%
Bottom-of-the-line	4%
Don't know	2%

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BATTERIES

With 32% of all vehicle maintainers buying a battery during the course of a year, batteries are the fourth most purchased product we studied.

The average battery buyer is male, 61%; between 25- and 44-years-old, 50%; has an annual household income of more than $30,000, 46%; spends between one and five hours a month on automotive DIY, 50%; and maintains one, 42%; or two, 31%, cars.

Where They Buy Batteries

Different battery buying patterns are clear in different groups of individuals. Women prefer to go to a specialty installer more than do men; 82% of buyers there are women vs. only 18% of men. Of battery buyers at tire stores, 62% are women as opposed to only 38% who are men. Men go to WDs, with 73% of buyers from that source being male vs 28% of them being women. Men also prefer discount stores, with 77% of buyers there being male.

Over half, 55%, of all vehicle maintainers who spend 11 or more hours a month on automotive DIY bought their batteries at auto parts stores. On the other hand, only a quarter of those who spend less than an hour on automotive DIY bought a battery at an auto parts store; another 22% went to a department store.

Why Not Install?

Since many places that sell batteries [illegible] offer free installation, we've long wondered why people would prefer to install their own. And, indeed, 41% of everyone who bought a battery installed it. Over half of men, of those with annual household incomes of $20,000 to $30,000, of DIYers spending six or more hours a month on DIY, and with three vehicles to maintain installed their own batteries.

Most men said they did it to save money, 34%; as did 37% of those with three or more vehicles to maintain. Of those making between $20,000 and $30,000, most, 35%, said it just was something they could do, as did 31% of those spending six or more hours on automotive DIY a month. ■

WHERE THEY BOUGHT BATTERIES

More vehicle maintainers turned to automotive parts stores to buy batteries than any other single source. The top five sources are:

Automotive parts store	31%
Department store	20%
Gas station	11%
Discount store	11%
Car dealership	7%

WHO INSTALLED BATTERIES

DIYers installed more batteries than any other single installer. The top five installers were:

DIYer	56%
Department store	11%
Gas station	9%
Car dealership	7%
Independent garage	7%

HOW MANY VEHICLES BATTERIES WERE PURCHASED FOR

Most vehicle maintainers bought batteries for only one vehicle.

One	84%
Two	13%
Three or more	3%

WHAT TYPE OF VEHICLE THEY BOUGHT BATTERIES FOR

Most vehicle maintainers with only one vehicle who bought batteries , bought them for a car.

Car	72%
Light truck	13%
Van	4%
Utility vehicle	2%
More than one vehicle	9%

WHY DIYERS INSTALLED BATTERIES

Most DIYers installed batteries to save money. The top five reasons were:

To save money	35%
It's a simple job	32%
Can do it myself	24%
Needed it done	17%
Convenient to do	7%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own batteries said they didn't know how to. The top five reasons were:

Lack of knowledge	37%
Lack of time	10%
Car already being serviced	10%
Lack of enjoyment	10%
Done for free	9%

DID THEY SHOP AROUND FOR BATTERIES

We asked if the vehicle maintainer shopped around for the best price for batteries. Most didn't.

No	50%
Yes	49%
Don't know	1%

WHAT QUALITY BATTERIES THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line batteries . Most bought what they felt to be middle-of-the-line or top-of-the-line.

Middle-of-the-line	48%
Top-of-the-line	48%
Bottom-of-the-line	1%
Don't know	3%

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ANTIFREEZE/COOLANT

In all, 27% of all vehicle maintainers purchased the antifreeze/coolant last year. It was the sixth most popular product among those studied.

Almost equal numbers of male and female maintainers purchased the product. Purchase levels are also fairly equal among other demographic groups. However, while 48% of antifreeze/coolant purchasers had one vehicle, the percentage drops to 32% for those with two vehicles, and 20% for those with three or more.

A Discounted Product

The discount store is the most popular place to buy antifreeze/coolant. Men buy it there more than women, as do those making less than $20,000 in annual household income, those who spend one to five hours a month on vehicle DIY, and those maintaining one vehicle. Auto parts stores are most popular with men, as well, along with maintainers less than 25-years-old, maintainers making over $30,000 in annual household income, and those maintaining two vehicles.

Only a handful had antifreeze/coolant installed at a discount or automotive store with service facilities. Females who had the product professionally installed turned to gas stations and independent garages. Considerably fewer men who had professional installation went to a gas station, although independent garages installed the product for a tenth of all men.

Asking Why

In all, 86% of women who installed their own antifreeze/coolant said they did it just because it was easy to do or they could do it. Just over a quarter said they saved money by DIY. However, 42% of men did it to save money, while 55% of men said it was easy or they could do it.

There are, however, still female vehicle maintainers who haven't gotten the message about how easy it is to install antifreeze/coolant. Of those who didn't, 37% said they didn't know how, compared to 9% of male maintainers. The largest single group of males who didn't do the job, 27%, had it installed while the vehicle was in for some other service job; 14% of women said the same. ■

WHERE THEY BOUGHT ANTIFREEZE/COOLANT

More vehicle maintainers turned to discount stores to buy antifreeze/coolant than any other single source. The top five sources are:

Discount store	28%
Automotive parts store	24%
Independent garage	10%
Gas station	9%
Car dealership	8%

WHO INSTALLED ANTIFREEZE/COOLANT

DIYers and installed more antifreeze/coolant than any other single installer. The top five installers were:

DIYer	68%
Independent garage	13%
Gas station	8%
Car dealership	7%
Specialty installer	3%

HOW MANY VEHICLES ANTIFREEZE/COOLANT WAS PURCHASED FOR

Most vehicle maintainers bought antifreeze/coolant for only one vehicle.

One	62%
Two	28%
Three or more	10%

WHAT TYPE OF VEHICLE THEY BOUGHT ANTIFREEZE/COOLANT FOR

Most vehicle maintainers who bought antifreeze/coolant bought it for a car.

Car	68%
Light truck	8%
Van	3%
Utility vehicle	2%
More than one vehicle	19%

WHY DIYERS INSTALLED ANTIFREEZE/COOLANT

Most DIYers installed antifreeze/coolant to save money. The top five reasons were:

To save money	38%
It's a simple job	35%
Can do it myself	27%
Needed it done	15%
Convenient to do	4%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own antifreeze/coolant said they didn't didn't know how to. The top five reasons were:

Lack of knowledge	28%
Car already being serviced	18%
Lack of enjoyment	16%
Lack of time	12%
Lack of tools	7%

DID THEY SHOP AROUND FOR ANTIFREEZE/COOLANT

We asked if the vehicle maintainer shopped around for the best price for antifreeze/coolant. Most did.

Yes	53%
No	46%

WHAT QUALITY ANTIFREEZE/ COOLANT THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line antifreeze/coolant. Most maintainers bought what they felt to be the best available.

Top-of-the-line	65%
Middle-of-the-line	31%
Bottom-of-the-line	1%
Don't know	1%

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WIPER BLADES

Windshield wipers or blades were purchased by 21% of all vehicle maintainers over the course of the previous year. They are the eighth most widely purchased product we studied.

Male vehicle maintainers were 62% of all wiper purchasers. By age, 49% were between 25- and 44-years-old; 45% make over $30,000 in annual household income; and 46% spend between one and five hours a month on automotive DIY. Of wipers buyers, 42% maintain one vehicle, while 34% maintain two.

Where They Buy

There is very little difference in purchase patterns between male and female wiperblade maintainers. In all, 41% of all males and a third of all females purchased wipers at an auto parts store. Maintainers under 25-years-old go to auto parts stores in greater numbers than maintainers over 25-years-old. And, serious DIYers who spend 11 or more hours a month on maintenance are also big auto parts stores patronizers for wipers.

Patterns change when it comes to having blades put on. Three quarters of all males install their own blades only a quarter of females do so. There's relatively little difference in installation patterns by age groups, although generally the younger the DIYer, the greater the chance he'll put it on himself. And, while three quarters of the 11-hour plus DIYers install their own blades, only 35% of those who spend an hour or less do the same.

It's An Easy Job

Putting on wipers is an easy job that doesn't require special tools. So, only 3% of men said they didn't know how to do the job but almost half of women who didn't install their own blades gave this as their excuse. As well, 58% of maintainers who make under $20,000 in annual household income had this excuse.

The major excuse for men was that they were too busy, with 29% citing this as their reason. And, an interesting 38% of all those who spend 11 or more hours a month on vehicle maintenance said they didn't change their own wipers because they lacked the proper tools! ■

WHERE THEY BOUGHT WIPERS OR BLADES

More vehicle maintainers turned to automotive parts stores to buy windshield wipers or blades than any other single source. The top five sources are:

Automotive parts store	38%
Discount store	16%
Gas station	13%
Car dealership	10%
Specialty installer	5%

WHO INSTALLED WIPERS OR BLADES

DIYers installed more windshield wipers or blades than any other single installer. The top five installers were:

DIYer	69%
Gas station	9%
Independent garage	7%
Car dealership	5%
Auto parts store	3%

HOW MANY VEHICLES WIPERS OR BLADES WERE PURCHASED FOR

Most vehicle maintainers bought windshield wipers or blades for only one vehicle.

One	72%
Two	25%
Three or more	3%

WHAT TYPE OF VEHICLE THEY BOUGHT WIPERS OR BLADES FOR

Most vehicle maintainers with only one vehicle who bought windshield wipers or blades, bought them for a car.

Car	68%
Light truck	9%
Utility vehicle	4%
Van	4%
More than one vehicle	16%

WHY DIYERS INSTALLED WIPERS OR BLADES

Most DIYers installed windshield wipers or blades because it was easy to do. The top five reasons were:

It's a simple job	40%
To save money	33%
Can do it myself	26%
Needed it done	15%
Convenient to do	6%

WHY THEY DIDN'T DO THE JOB THEMSELVES

Most vehicle maintainers who didn't install their own windshield wipers or blades said they didn't didn't know how to. The top five reasons were:

Lack of knowledge	32%
Lack of time	17%
Car already being serviced	11%
Lack of enjoyment	10%
Get it done right	6%

DID THEY SHOP AROUND FOR WIPERS OR BLADES

We asked if the vehicle maintainer shopped around for the best price for windshield wipers or blades. Most did.

Yes	70%
No	30%

WHAT QUALITY WIPERS OR BLADES THEY BOUGHT

We asked if the vehicle maintainer bought top-of-the-line, middle-of-the-line, or bottom-of-the-line windshield wipers or blades. Few maintainers bought what they felt to be bottom-of-the-line.

Top-of-the-line	47%
Middle-of-the-line	47%
Bottom-of-the-line	4%
Don't know	2%

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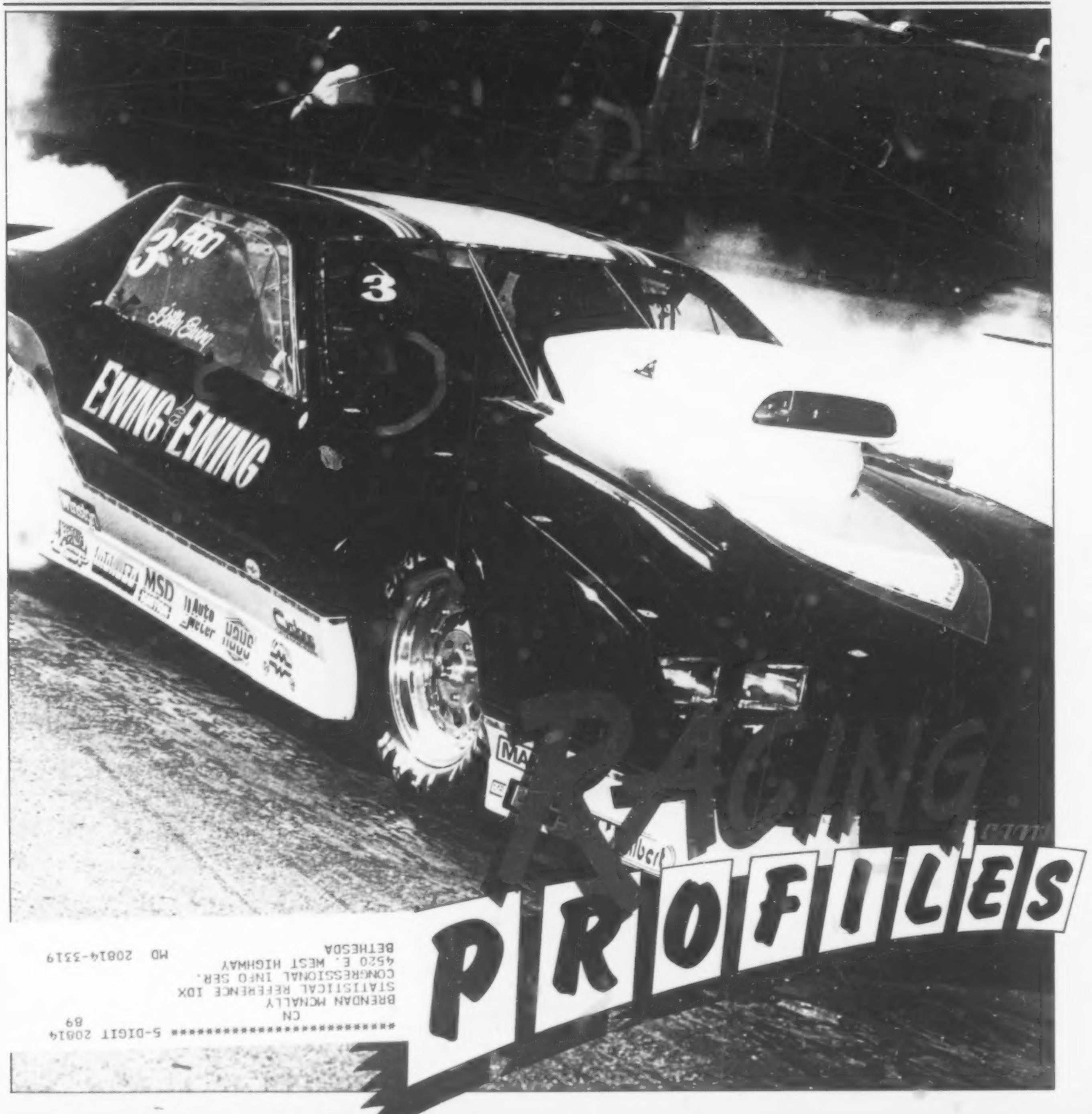
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EDITORIAL STAFF

FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

Phil Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Ampolsk,
Contributing Editor

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

Chilton Officers:
Gary Ingersoll, President; Senior Vice President Operations, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine.

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JESSE H. NEAL
AWARD-WINNING
PUBLICATION
FIVE OUT OF
EIGHT YEARS

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PROFILES

Tie your store into racing and racing promotions, and the customers will come racing in—with money to spend in their hands.

by **Gail Krueger-Nicholson,**
Managing Editor

"The commercial value of auto racing has never been greater," Leo Mehl, director of worldwide racing for Goodyear, said. "More and more companies are using racing to increase public awareness of their products and services."

Aftermarket suppliers—names you know like Kraco, Valvoline, PlastiKote, First Brands, Unelko, Octane Boost, Exxon, and Bosch —have always known how to get the most out of racing. They put their logo decals on any piece of race car or truck sheet metal or race team uniform available and back those logos with lots of promotional money.

The reason why is easy to see: racing delivers customers by selling product.

Race Attendance Increases

For sheer numbers of exposures of product, supplier, and retailer names, racing is hard top. Attendance at 15 major North American racing series increased by more than 800,000 spectators in 1990, surpassing the 12 million mark for the first time, according to statistics compiled by the Goodyear Tire Co., Akron, OH.

Goodyear publishes an annual racing report as a barometer of motor sports popularity. The attendance figures are compiled from official sanctioning body statistics and reports filed by Goodyear racing division field managers.

The 15 professional racing series monitored by Goodyear showed an overall increase of 843,057 or 7.5% over 1989. A record total of 12,046,193 fans attended 268 events in 1990, up from 11,203,136 for 271 events in 1989. Average event attendance rose 8.7%

Television, too, has taken an increased interest in racing. ESPN alone has increased racing coverage 162% since 1986 when it broadcast 92 races. ESPN televised 241 races in 1990, according to Goodyear figures. The major networks carry selected events—usually Indy-type cars—while cable networks like WTBS, TNN, SportsChannel American, and Univision continue to expand their coverage of all types of racing.

"The millions of promotional dollars being spent are reflected in, and to a large extent, are justified by the steady climb in race attendance," Mehl said.

And, perhaps most importantly for the aftermarket, those eager race fans have the same demographic profile as your most important customers, the DIYers. According to figures released by three major race sanctioning bodies—National Association for Stock Car Auto Racing (NASCAR), International Hot Rod Association (IHRA), and International Race of Champions (IROC)—race fans tend to be younger males with low-to-mid-range household incomes who maintain one or more vehicles. These are the same people the latest *Automotive Marketing Consumer Automotive Repair Study (CARS)* identifies as DIYers.

How Racing Brings Customers To You

Racing drives customers to your door in at least four ways:

- Fans find racing exciting, therefore the products used in racing are exciting. This allows the store that shows and

Major Auto Racing Series Attendance 1989-1990

The 15 professional racing series monitored by Goodyear, Akron, OH, in 1990 showed an overall increase of 843,057 or 75.% over 1989. A record total of 12,046,193 spectators attended 268 events in 1990, up from11,203,136 for 271 events in 1989. Average event attendance rose 8.7% to 44,948 in 1990 from 41,339 in 1989.

Race Type	1990 # Races	1990 Total Attendance	1989 # Races	1989 Total Attendance	1990-1989 Attendance Gain/(Loss)
NASCAR Winston Cup	29	3,336,675	29	3,127,130	209,545
CART Indy Cars & USAC Indy 500	16	2,616,115	15	2,281,050	335,065
NHRA Drag Cars	19	1,535,575	19	1,451,483	84,092
WOO Sprint Cars	66	1,171,100	65	1,082,500	88,600
SCCA Trans-Am Cars	15	1,128,475	14	835,100	293,375
NASCAR Grand National Stock Cars	31	913,800	29	718,700	189,100
IMSA GT Prototype Cars	15	855,200	15	839,500	15,700
IMSA GTO/GTU Cars	14	779,750	15	680,550	99,200
MTEG Stadium Off-Road Vehicles	10	386,826	9	346,467	40,364
ARCA Stock Cars	18	351,650	17	316,140	35,510
ACT Stock Cars	23	345,925	23	327,818	18,107
ASA Stock Cars	17	330,106	15	291,154	38,952
IHRA Drag Cars	8	309,628	7	245,378	64,250
NASCAR Modified Stock Cars	23	270,900	26	264,600	6,300
NASCAR Winston West Stock Cars	9	261,000	11	283,600	(22,600)
Totals	**268**	**12,046,193**	**271**	**11,293,136**	**843,057**

Source: Goodyear Corp., Akron, OH

sells those products to be exciting as well.

- Racing builds belief. No race driver or team uses junk products. Racing demonstrates excellence.
- Racing supports the brand concept. Want the added dollars which come from selling-premium-priced products?—racing is a way to sell those products.
- When racing is promoted, store traffic increases as race fans check out the race-related promotions.

And retailers can take advantage of racing in at least two ways:

- In-store tie-ins to race events
- Sponsorship of a car or event

Racing Tie-Ins

Store tie-ins to racing are inexpensive and simple. All you do is borrow the excitement that is already in the air at race time. Here are some ideas of how to do so:

- Display a complete calendar of *all* race events, both in your area and nationally.
- Feature the products your suppliers promote through racing. Put those products on displays that play up the supplier race tie-in and make the displays important.
- Gear your endcaps, dump displays, and window advertising to race-related products.
- Ask manufacturers who sponsor race events to supply you with posters, shelf headers and talkers, banners, flags—all the promotional material you can get hold of. And, make sure to use it.
- Get caps and decals from suppliers for your store personnel to wear and make sure they wear them.

Sponsorship

More direct involvement in racing usually means a sponsorship of some sort, either of cars, drivers, events, or race series. Such sponsorships extend and boost your advertising reach, increase store name awareness, and traffic.

Each of these possibilities usually includes co-sponsorships and associate sponsorships. Your level of involvement will be determined by the needs of the sponsored team and the size of your pocketbook.

While national sponsorship may be too expensive for all but national chains, regional sponsorships often offer great advertising possibilities for the dollar. Check with local tracks and association promotional people for information.

No matter what level of involvement you choose for your store, the benefits of racing promotions are hard to beat. ■

Who's Who In Racing

Racing can seem like so much alphabet soup, with each sanctioning group operating under a set of initials. Here is what some of those letters mean:

ACT	American/ Canadian Tour
AIS	American Indy Car Series
ARCA	Automobile Racing Club Of America
ASA	American Speed Association
CART	Championship Auto Racing Teams
IHRA	International Hot Rod Association
IMSA	International Motorsports Association
IROC	International Race Of Champions
MTEG	Mickey Thompson Entertainment Group
NASCAR	National Association For Stock Car Auto Racing
NCRA	National Championship Racing Association
NHRA	National Hot Rod Association
PROS	Professional Racers Organization Series
RCCA	Race Car Club Of America
SCCA	Sports Car Club Of America
USAC	United States Auto Club
WOO	World Of Outlaws

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AUTOMOTIVE MARKETING

Your Information Source For The Automotive Aftermarket

MAY 1991

20th
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Chilton's
AUTOMOTIVE MARKETING

MAY ISSUE/VOLUME 20, NUMBER 5

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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

Phil Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Ampolsk,
Contributing Editor

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

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JESSE H. NEAL
AWARD-WINNING
PUBLICATION
FIVE OUT OF
EIGHT YEARS

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MARKET LINE

Aftermarket Suffers Winter Flu; Will Spring Fever Revive Sales & Profits?

Like the rest of the country, the aftermarket has been suffering from a winter flu brought on by the recession. The signs are clear: Auto chains such as Pep Boys reported same-store sales declined 1.7% from September to January, and Trak Auto reported same-store sales declined 4% in the fourth quarter.

The same goes in the traditional market: Consultants Jack Creamer and Jay Bock reported that General Automotive called January and February "terrible" and even Genuine Parts conceded that Winter sales were flat. "There are no bright spots," Creamer said. "Even California and Florida are down. WDs are looking at a 90-day inventory and returning anything over that to the manufacturer. They expect the manufacturer to bail them out of any inventory shortages."

Among the problem retailers: Auto Giant, Northern Automotive, PACCAR (Grand and Al's) which recently requested an additional 5% discount from suppliers, Cardis, which continues to lose money, and the bankrupt Action Auto and AI Automotive operations.

Although retailers saw some recovery in March the jury is still out as to whether the uptick will continue through the year. And, new vehicle sales are depressed, so that the repair pool of vehicles will be lower in the future. Shearson analyst Joe Phillippi said, "Auto sales will improve, no question. However, we continue to believe that the rebound will be of modest proportion and not likely to gather real momentum until late 1991." Sales of light trucks, once a bright spot for both OE and aftermarket, are off 20%.

In the view of many Wall Street analysts the aftermarket is in for a period of shakeout that may well go beyond a few bad recessionary months. Some of the key reasons are things we've often discussed:

- Better quality OE cars mean parts don't wear out as quickly. And technological changes mean it's harder to calculate failure rates for parts.
- Extended warranties keep more vehicles in car dealer bays. While dealers have only been marginally successful in attracting repair business, Detroit has seen the light and efforts will continue.
- A 30% and up import rate. Leaving aside parts proliferation, which leads to expensive and extensive inventory needs, import dealers still control the bulk of import car repairs aside from quick-fix items and show no signs of conceding business to the aftermarket.

Oversupply Of Inventory

In addition to problems the aftermarket has little control over, some aftermarket practices are hurting the market. For one thing, there's an oversupply of inventory on the market. "The system has an 18-month supply of product," said Jack Creamer. "Two and a half times what's needed. We've eliminated a lot of outlets but the system hasn't eliminated the inventory. It free-floats around at 50 cents on the dollar and arrives back at the manufacturers at a dollar on the dollar. There's a pretty active grey market for people who buy distressed merchandise cheap and send it back to the supplier."

An example: "A WD switches brake lines from supplier A to supplier B. Supplier A lifts the line from the WD and offers to sell back the SKUs to supplier B. But supplier B says no, so A sells it off. What WD or retailer won't buy a quality brake line at 40-50 cents on the dollar? As a WD told us, 'It's time to forget principles and do what's right.' The supplier will eventually eat the brakes in returns or lost sales."

Bright spots? AutoZone sold out its stock offering at about $10 over the opening price. It looks as though somebody has confidence in the aftermarket. Stay tuned for the spring DIY season. ■

PUBLIC COMPANY SALES AND EARNINGS
(Millions of dollars)

Company	1990	1989	1988
Action Auto (sales)	$74.4[1]	$104.7	$85.2
46 stores (net income)	(6.7)	1.1	1.4
ADAP/Auto Palace (sales)	$72.7	$61.5	$60.9
79 stores (net income)	1.8	(1.0)	0.2
Auto Giant Whse (sales)	$10.8	NA	NA
3 stores (net income)	(6.2)	NA	NA
AutoZone (sales)	$671.7	$535.8	$437.4
538 stores (net income)	23.3	8.6	4.5
Cardis (9 months sales)	$61.6	$84.8	$93.7
25 owned stores (net income)	(3.7)	64.9[2]	(25.3)
Genuine Parts (sales)	$3,319.4	$3,161.2	$242.0
616 owned stores (net income)	206.6	199.5	181.4
Pep Boys (sales)	$884.7	$798.7	$656.0
313 stores (net income)	37.5	35.1	37.7
Republic (sales)	$72.5	$77.7	$85.0
89 owned stores (net income)	0.4	0.2	2.1
Sears (retail sales)	$25,093.6[3]	$25,002.0	$24,252.0
(net income)	37	292	240
Trak Auto (sales)	$293.9	$275.5	$243.1
313 stores (net income)	NA[4]	2.6	2.8

[1] Nine month figure; operating under Chapter 11.
[2] Includes Tuneup Masters sale; operating loss was $3.0 million.
[3] Western Auto sales were about $1.3 billion in 1990.
[4] Net income not available at press time.

replace Freon in air conditioning units. Freon, which releases chlorinated fluorocarbons (CFCs), has been banned as a threat to the ozone layer. Automotive air conditioners account for some 40% of the Freon problem.

Suva, a hydro fluorocarbon product, will be introduced by European OEMs in 1991 and by North American OEMs in 1993. Production of Freon, on the other hand, is expected to virtually cease by 2000. The phaseout of Freon and the gradual introduction of Suva into the aftermarket will provide a challenge for owners of the close to 100 million Freon-charged A/C units on the road.

Hoyt Wilder, president of Ig-Lo, a Valvoline subsidiary, Lexington, KY, and exclusive distributor of Suva to the aftermarket, expects a great increase in sales of Freon recycling equipment in addition to Suva equipment sales. Wilder predicts as many as 200,000 units at roughly $4,000 per unit could be sold. ■

EMPLOYMENT

DRUGS AND THE WORKPLACE

SmithKline Beecham Clinical Laboratories, Philadelphia, which conducts about a quarter of all work-related tests for drugs annually, says it is encouraged that the amount of positive tests continues to decline. In 1990, some 11% of 1.9 million workers tested positive, compared with 13% in 1989.

Year	% Of Positive Tests
1990	11.0%
1989	12.7%
1988	13.6%
1987	18.1%
Most Common Drugs	
Marijuana	33.8%
Cocaine	24.3%
Valium	14.2%
Opiates	13.7%
Barbiturates	7.1%
Darvon	2.6%
Amphetamines	2.1%
PCP (Angel Dust)	1.1%
Methadone	1.1%

Source: SmithKline Beecham Laboratories, Philadelphia

Reader Looks For Data On DIYers By Age Groups

We received the following letter from Gerry Smith, director of marketing, Gold Eagle Co. Chicago. The letter was edited for length.

Your article in the January issue ("The Four Ages of the DIYer," page 15) was very enlightening. There is no doubt that the young DIYer is our future and it is important that we know what the needs and desires of these youngsters are.

I have one suggestion as a follow-up to that article that would greatly enhance the data presented. In each case, it would be useful to compare the data for the younger DIYers with some baseline. In the case of the first group of questions that run through page 15 and 16 of the magazine, it would be good to compare the under 25-year-old DIYer answers with answers of other age groups. In the case of the demographic-type information presented on page 18, it would be useful

Dear Sir,

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THE MARKET

The Un-changing DIYer

So-called experts have predicted that automotive DIYers will be a dying breed for two decades. But, DIYers are still around and certainly will remain so for the forseeable future, according to every hard statistic.

by **Phil Katcher,**
Business Editor

They've been calling for the death of DIY for years now, but don't believe it. There are more automotive DIYers doing more types of jobs and spending more money in auto parts stores than ever.

It was back in 1979 that Predicasts Inc., Cleveland, OH, released a report that claimed retailers selling to DIYers faced serious problems. According to the report in *Automotive Marketing* of March of that year, "The study states that since the mid-seventies, several new car designs have occurred which will adversely affect the DIY auto products market—mechanical and electromechanical apparatus have been replaced by longer-lasting electronic systems, chemical maintenance intervals have been expanded, and car manufacturers are providing additional accessories as options or standard equipment."

Then, a decade later, *Automotive Marketing* opined: "As we see it, the do-it-yourself (DIY) market faces four serious challenges in the 1990s: first, today's vehicles are more reliable and need fewer repairs; second, traditionally strong DIY demographic groups such as farmers, factory workers, and teenagers are declining; third, specialty repair shops that offer convenient and reasonably priced repairs are luring away some DIYers; and finally, DIYers are being told—and sometimes convinced—that new vehicles are too complicated for them to repair.

"A good condensation of the negative attitude on this issue is found in a 1986 research project released by Dr. David M. Cole, director of the Office for the Study of Automotive Transportation at the University of Michigan, Ann Arbor, MI.

"The report predicted an increase in importance for routine replacement items and fluids, and for more DIY work with tires, brakes, wheels, and shocks. However, DIY work on ignition systems, nonmodular electronics, fuel injection systems, and all engine components will decline, according to the report.

"But the idea that vehicles are too complicated for DIYers to work on is not new. Professional mechanics and other doomsayers have been saying so for years. And, in the past, they have been wrong.

"Floyd Percy, previously the lead buyer at ADAP and Chief and now a consultant in Moneta, VA, recalled that when automatic transmissions came into the OE market, 'Everyone was scared to death. This meant the end of the clutch business. No DIYer could understand automatic transmissions. Today, DIYers repair automatic transmissions and the clutch business is better than ever.' "

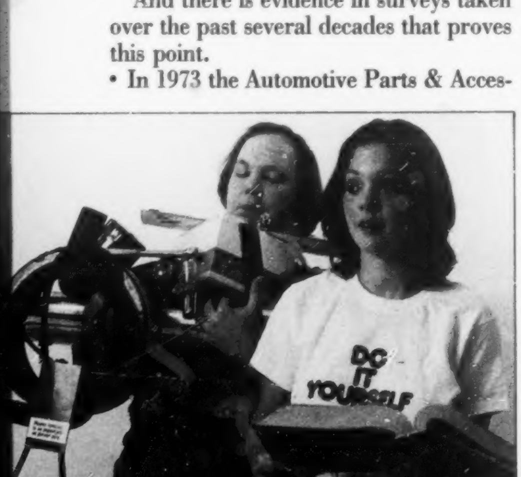
DIY Lives!

Percy's point is well taken; every time new technology has arrived—technology that threatens to do away with the DIYer—the DIYer has adapted to it. Moreover, as we reported in March 1979, Predicasts expected some growth areas of DIY since people who weren't DIYers then began doing simple operations such as changing oil and putting in additives. This would be due to rising professional service and new car costs—two cost areas that continue to rise.

Indeed, a survey done by Market Structure Insights (MSI) Inc., Minneapolis, MN, in 1979 found that most DIYers agreed with the statement, "The most important reason to DIY is to save money." It's a reason that hasn't gone away, and as prices rise it grows in importance.

And there is evidence in surveys taken over the past several decades that proves this point.

- In 1973 the Automotive Parts & Accessories Association, Bethesda, MD, released a study of DIYers done for the Association by Industrial Market Research. According to it, 65% of people who owned cars did some sort of automotive DIY work on them.
- In 1984 *Automotive Marketing* had Chilton Research Services survey car maintainers to see what the automotive DIY world was like. This benchmark study showed that 71% of all vehicle maintainers were also DIYers. -
- In 1991, *Automotive Marketing* had Chilton Research Services survey people who said they were responsible for maintaining some sort of personal vehicle for its eighth annual study. This study found that 77% of them said they were DIYers of some sort or another.



It should be pointed out, in passing, that the surveys were all conducted slightly differently, using different criteria to select respondents. They are not exactly comparable. Therefore, it is not possible to say that automotive DIY has grown by an exact 12% between 1973 and 1991. But, it is safe to say that the three surveys done over almost two decades consistantly have found that some two thirds of vehicle maintainers are also automotive DIYers.

What DIYers Are Like

In 1973, the APAA study indicated that white collar jobs were held by the largest single group of DIYers (45%); most were between 25- and 34-years-old; most (68%) had only one car; and the typical salary ranged between $10,000 and $14,999.

In the first *Automotive Marketing* DIY study, in 1984, we said that, "The typical DIYer is male, in his late thirties, married, owns his own home, and enjoys a family income of about $24,000 a year (slightly under the national norm). The typical DIYer is well educated; some 46% have at least attended some college. He owns 1.1 vehicles and is responsible for the maintenance. About half still work in traditionally blue collar jobs. The typical DIYer visits an auto store about once every other month."

The results of the 1991 *Automotive Marketing Consumer Automotive Repair Study* virtually echoes this statement, although there were some significant differences between 1984 and 1991. Today's typical DIYer is also still male (64%), in his late thirties (around half), married (56%), and well educated (55%) has attended or graduated from college. However, trips to auto parts stores have fallen off: Only 8% visited one every other month, while over a quarter visit one or fewer times annually. Moreover, 68% are responsible for and maintain only one vehicle. And, only around a quarter hold a blue collar job; most hold white collar jobs.

THE DIY UNIVERSE

Over the years *Automotive Marketing* has tracked the total percentage of vehicle owners who are also DIYers—our readers' customers. Despite talk of the increasing advanced technology and aging of America cutting into the total number of vehicle DIYers, the evidence is that average percentage has remained fairly steady over the past twenty years.

Year	DIY %	Source
1973	65%	APAA [1]
1977	81	*AM* [2]
1979	50	Levy [3]
1983	69	HW [4]
1984	71	VMS [5]
1985	72	CARS [6]
1986	72	CARS
1987	71	CARS
1988	71	CARS
1989	58	CARS
1990	51	CARS
1991	77	CARS

[1] Automotive Accessories & Parts Association, *A Study Among Automotive Do-It-Yourselfers*

[2] Study done of auto supply purchasers only.

[3] Doran Levy, *Strategies for the Aftermarket*, Minneapolis, MN, 1980

[4] *Hardware Age*

[5] *Automotive Marketing's Vehicle Maintainer Study*

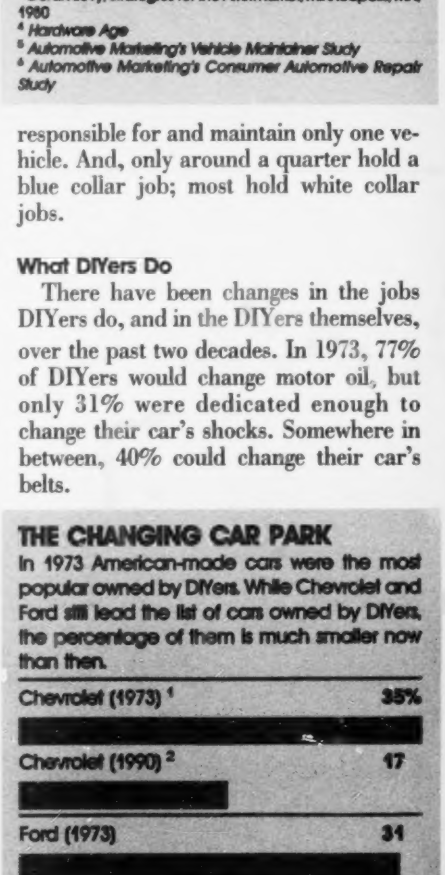
[6] *Automotive Marketing's Consumer Automotive Repair Study*

What DIYers Do

There have been changes in the jobs DIYers do, and in the DIYers themselves, over the past two decades. In 1973, 77% of DIYers would change motor oil, but only 31% were dedicated enough to change their car's shocks. Somewhere in between, 40% could change their car's belts.

THE CHANGING CAR PARK

In 1973 American-made cars were the most popular owned by DIYers. While Chevrolet and Ford still lead the list of cars owned by DIYers, the percentage of them is much smaller now than then.



[1] APAA, "A Study Among Automotive Do-It-Yourselfers"

[2] *Automotive Marketing Consumer Automotive Repair Study*, 1990

THE AGING DIYER

As the overall American population has aged, so has the age of the DIYer. Yet, more younger DIYers are entering the picture now than in 1973, which is good news for future parts, chemicals, and accessories sales.

DIYer age	1973[1]	1990[2]
-25	7%	13%
25-34	30	25
35-44	13	20
45-54	20	14
55+	21	27

[1] APAA, "A Study Among Automotive Do-It-Yourselfers"
[2] *Automotive Marketing Consumer Automotive Research Study*, 1990

Today, among those who called themselves automotive DIYers, surveyed in our 1991 *Consumer Automotive Repair Study (CARS)*, 46% said they were light DIYers who only did jobs such as wax and polish their vehicles and top off motor oil or antifreeze/coolant, or replace a filter. Another 34% said they were medium DIYers who might do an oil change or replace a muffler. And 20% were dedicated DIYers for whom changing a MacPherson strut posed no problems.

Although the hard-core DIYer represents perhaps only 20% of the DIY base, it fits into the traditional 20/80 rule of retailing that indicates 20% of the customers do 80% of the business. And the hard-core DIYer is the person who does almost any repair, and is important to the DIY market. While the number of these DIYers has never been very high, their DIY purchases have always been very important to retailers.

DIYER INCOMES ROSE

Incomes among DIYers rose dramatically with inflation between 1973 and 1990. In fact, $20,000 was considered the high end income in 1973, while it was on the low end in the 1990 study.

DIYer Income	1973[1]	1990[2]
-$20,000	87%	25%
$20,000+	13	68

[1] APAA, "A Study Among Automotive Do-It-Yourselfers"
[2] *Automotive Marketing Consumer Automotive Research Study*, 1990

Over half of those who say they are automotive DIYers said they enjoy it. In 1973 the APAA DIY study showed that 82% said they enjoyed doing such work to "some degree." The 1991 study showed that 53% enjoyed doing automotive maintenance either "a lot" or "somewhat." A significant 23% didn't enjoy the work "at all" in 1991. Obviously, today there are a lot of people who work on their cars from sheer necessity—perhaps a larger number than there were two decades ago when professional service costs were lower than they are today and cars were traded in more frequently than today.

As well, we found a quarter of DIYers said their DIY involvement had decreased over the past five years, while 30% said their involvement had actually increased during the same period. While these numbers are not exactly comparable, in 1984 it was only 15%.

THE DIYER'S PROFESSION

As jobs in America have switched from manufacturing to service, one might expect DIYers to be much more white collar workers in 1990 than they were in 1973. However, this does not seem to be the case.

DIYer job	1973[1]	1990[2]
White collar	45 %	45 %
Blue collar	39	34
Retired	8	9
Student	3	4
Housewife	0.1	4

[1] APAA, "A Study Among Automotive Do-It-Yourselfers"
[2] *Automotive Marketing Consumer Automotive Research Study*, 1990

There have been changes in DIYers' shopping patterns over the past two decades, too. In 1973, so-called WDs had a 31% share of market, with discount/department stores at 27%, and "home and auto stores" having an 8% share of market. In 1991, however, 56% of DIYers bought auto parts at discount/department stores, while WDs weren't even mentioned. Auto parts stores had a 27% share of market.

THE JOBS A DIYER DOES

In most cases, the percentages of DIYers who did specific jobs in the APAA 1973 survey was very similar to the percentage of DIYers who did those same jobs in 1990, when *Automotive Marketing's Consumer Automotive Repair Survey* questioned DIYers alone.

DIYer job	1973[1]	1990[2]
Antifreeze/ Coolant	83%	63%
Oil	77	81
Wipers/ blades	67	50
Battery	56	29
Lights	49	40
Oil Additive	42	44

[1] APAA, "A Study Among Automotive Do-It-Yourselfers"
[2] *Automotive Marketing Consumer Automotive Research Study*, 1990

WHERE DIYERS SHOPPED

Shopping patterns have changed considerably among automotive DIYers over the past two decades. Auto parts stores have gained considerable market share, as have department and discount stores.

DIYers	1973[1]	1991[2]
WD	31%	*%
Discount/ Department Stores	27	56
Auto Parts Stores	8	27
Gas Stations	11	16
Car Dealers	3	16
Specialty Repair	2	28
Supermarkets	*	10

* Cell to small to measure
[1] APAA, "A Study Among Automotive Do-It-Yourselfers"
[2] *Automotive Marketing Consumer Automotive Research Study*, 1991

The Future Of DIY

So, there will be a good future in selling to automotive DIYers. But, it will require work on the part of manufacturers and retailers to grow the market. As we said in 1989, "One key to the future will be education at all levels. The easiest education will involve the light DIYer. For the kind of jobs the light DIYer does, there's absolutely no change—if retailers are smart enough to make sure the light DIYer knows it's the same work he's always done.

"The hard-core DIYer will remain a hard-core DIYer with only a little help from the store. This core DIYer *wants* to repair his own car.

"The guy in the middle—the serious DIYer—will require a push. The retailer will have to show him that he can still replace parts such as shocks and brakes, do the same maintenance tasks as the light DIYer, and even move into electronic engine controls. ■

Products Grow the Aftermarket

New products, some copied from parts designed by auto makers for their cars and some developed independently, have been the thing that has propelled the aftermarket.

by **Phil Katcher,** Business Editor

"Fifteen years ago," *Automotive Marketing* reported in June 1982, "most cars were equipped with factory-installed AM radios, and the dream of many a 16-year-old was to scrape up enough money to buy an under-dash 8-track tape player for his first car." Today, in 1991, most cars come with OE AM/FM/Cassette stereos and nobody has an 8-track under his dash.

This change is typical of how the products, both need and want, that the aftermarket sells have changed to meet new realities.

In 1971, most cars DIYers were working on were big, American-made cars, with big, gas-guzzling engines. According to Motor Vehicle Manufacturer Association (MVMA) figures, 79% of all 1972 cars sold had V-8 engines. Only 20% came with six cylinder engines, and the number of four cylinder engines sold by domestic manufacturers was virtually non-existent.

MVMA's 1989 figures show that only 16% of cars made that year—the latest for which figures are available—came with V-8 engines. The six cylinder engine was used in 39% of cars sold that year, while the rest came with four cylinder engines.

The cars sold in 1972 came with a great deal fewer items considered virtually standard on today's cars. Only 10% of that year's cars, according to the MVMA, had AM/FM radios, while only 4% had stereo tape players that came as OE; 71% had only AM radios. It was not until 1974 that domestic car makers supplied a radio as standard equipment with their new cars. Just over a quarter of 1972's cars (27%) had power windows. The same percentage came with adjustable steering wheels. Only 10% had power door locks.

MVMA's 1989 figures show how the OE car has changed. In 1989, 53% of domestic cars sold had AM/FM radios, while 52% had AM/FM stereo cassettes. Over half (55%) had power windows. The percentage with adjustable steering colums had jumped to 80%. And 62% had power door locks.

The Rise Of The Import

The leading imported car in 1972 was the Volkswagen Beetle, and that was mostly popular on the two coasts, especially among younger, trendier car owners. It was good, reliable, but very basic transportation. But, already the picture was beginning to change. As *Automotive Marketing* reported in its 1973 Automotive Parts & Accessories (APAA) Show issue, "More Americans than ever before are rolling around on foreign wheels, and liking it. At least part of the impetus for the move to imports has been this year's gasoline shortages and spiraling prices. While imports have consistently captured about 15% of car sales in recent years, the events of the past summer have forced even the most dyed-in-the-wool American-first(er) to take a second look at them little furrin' devils."

Today, Japanese cars, ranging from the low-price economy models to the height of luxury, dominate the market. And, their market share is more like 35% of the total domestic car population. In some areas, such as California, over half the cars on the road bear foreign nameplates. Most of them come as completely equipped with extra accessories such as top-notch sound systems and power equipment as domestic cars.

With the rise of the import, new products were introduced. At first, these were mostly to dress up and improve vehicles, especially as early import purchasers tended to return to the dealer for parts. As imports grew more common on the roads, retailers began to stock repair parts for them to meet growing needs.

The Impact Of Changing Cars

The impact of the changes in vehicles sold on the aftermarket has been great. For example, a reduction in the overall number of engine cylinders, combined with longer intervals between required changes, has cut the sale of spark plugs, since fewer are needed for a tune-up. Motor oil sales have also been flat, since less is used in today's smaller engines.

In October 1982, *Automotive Marketing* noted that exhaust system product sales had begun to dip because of the rise of smaller cars that used fewer products. The smaller, hotter-running engines also lengthened replacement intervals. Finally, exhaust system products themselves improved in quality with stainless steel replacing galvanized steel, so that they did not have to be replaced as often as they had earlier.

The rise in front-end-drive cars created new markets in such products as MacPherson struts, rack and pinion steering systems, coil springs, and constant velocity (CV) joints.

Retrofitting new accessories into older cars has traditionally been a major part of aftermarket sales. For example, in September 1982, *Automotive Marketing* reported that, "The 25 million used cars in America are electronics-empty, and only accessories can update them."

A case in point is the cruise control which was invented by Ralph Teeter of Perfect Circle Industries. It entered the OE market in the 1950s. Aftermarket versions for retro-fitting appeared in the aftermarket in the '60s, but these were quite expensive. In the late late '70s aftermarket prices dropped enough to become competitive with OE models, and their sales took off.

Since there will be more older cars that came with OE power door locks in the future, however, their sales are bound to dip somewhat. Indeed, the sales of more completely equipped cars certainly will continue to cut into retro-fit accessories sales in future years.

The gas crises and growing concern about the environment led to a number of government regulations that seriously damaged the widespread performance market. Yet, there is as big a "performance" market today as ever; the difference is that today's performance products make a car look fast rather than go fast. Ground effects kits, for example, which became popular in the late 1980s, include chin spoilers, skirts, and rear deck spoilers that really don't improve performance, but do make cars look like they go faster.

At the same time, also in response to new regulations, some products that do good as well as look well have entered the aftermarket. It was in the mid-1980s, for example, that the Environmental Protection Agency went to the aftermarket to get reasonably priced replacement catalytic converters made available.

Fads Result in Sales

Some—indeed, many—aftermarket sales are related to fads, usually of short-lived duration. For example, in *Automotive Marketing's* 1975 Automotive Parts & Accessories Show issue noted that, "Citizens Band (CB) radios are going to be *hot* throughout the next year." Indeed, we went on, "The market is practically unlimited. Already there are more than four million units licensed in the U.S. (not including those units used by police and fire authorities) and some manufacturers are predicting that the number of transceivers sold in this country will easily double and conceivably even triple that figure by 1980."

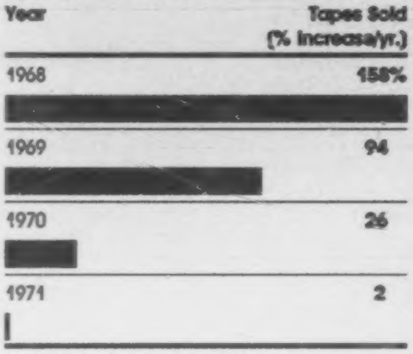
NEW PRODUCTS GROW THE AFTERMARKET

It's new products—chemicals, parts, and accessories—that keep the aftermarket growing. For example, here are some samples of new developments over the past several years.

Product	Year Reached Aftermarket
Shock Absorbers	1907
Windshield Wipers	1916
Locking Gas Caps	1932
Sealed Beam Headlights	1937
Car Covers	1950
Transmission Stop-leak	1952
Carburetor Cleaners	1954
4-bulb Sealed Beams	1955
Cruise Controls	1960
Tire Inflators	1960
Radar Detectors	1961
MacPherson Struts	1965
Truck Bed Liners	1968
Detergent Dispersants	1968
Fuel Injector Cleaners	1970
Window Film	1970
Maintenance-free Batteries	1972
Louvers	1976
CB Radios	1977
Dash Covers	1977
Plastic Oil Containers	1977
Back-up Alarms	1979
Driving Computers	1979
Power Door Locks	1979
Retrofit Electronic Ignitions	1979
Methyl Alcohol Gas Extenders	1980
Finish Restorers	1981
Musical Horns	1981
Air Springs	1984
Replacement Catalytic Converters	1984
Cardboard Sunshades	1984
CD Players	1984
3rd Brake Lights	1985
Solar Battery Chargers	1987
Plastic Card Car Keys	1987
Double Emergency Switch Battery	1989
Cab-operated Variable Shocks	1989
Dry Paint Rub-ons	1989
Matching Color Accessories	1989
Solar Powered Ventilators	1989
Combination Bedliner/Tool Boxes	1990

THE LIFE OF A FAD: 8-TRACK TAPES

The big thing in sound in the late 1960s and early 1970s was the eight-track tape. Now, they are more common at garage sales and flea markets than in retail stores.



Source: Recording Industries Association of America

However, in September 1982, we noted that, "Like most fads, the CB craze faded away in the late '70s. The market was oversaturated with manufacturers and oversold.... As sales declined, one by one the manufacturers dropped out of the market. Retailers stopped carrying CB units. In the words of one retailer at the time, 'The CB is as dead as the hula hoop.'"

However, at that time, too, makers were returning to the aftermarket with portable, hand-held CBs that were being marketed as safety equipment, to be used in case of emergencies to summon help. And, there have been slow but steady sales of CBs throughout the years after that—but at a much more reasonable level. This is the way with many products that begin life as fad products.

Some products are designed to solve specific problems and sell well as long as the problems are still seen as problems. For example, in the late 1970s several manufacturers began offering devices mounted on top of the dash that monitored gasoline mileage so that drivers, worried after two gas crises within a decade, could get the best fuel consumption possible. Some of these were full driving computers that also had as many as 43 other functions ranging from voltage and temperature monitoring to nighttime headlight dimming and cruise controls. Others were simple devices using different colored light bulbs to let the driver know how efficient his fuel consumption was. As time eroded the memories of long gas

THE DISTRIBUTION SYSTEM

Aftermarket distribution has changed since Automotive Marketing's first issue. Some thoughts on where it's been and where it's going.

Revolution and Evolution in the Aftermarket

by **John Wirebach,**
Senior News & Feature Editor

The automotive aftermarket was basically in place by the 1920s. It consisted of a well-developed OE service market (new car dealers), the beginnings of an independent repair market (parts suppliers selling to independent garages through jobbers), and a retail aftermarket (parts and accessory manufacturers selling to car owners through auto stores).

Automotive Marketing's first issue in November, 1971, coincided with the retailing revolution that began during the 1960s and continued through the 1970s, 1980s, and 1990s.

The retailing revolution has led to what we call the fragmented aftermarket. A DIYer seeking a spark plug can buy one at an auto chain store, a mass merchandiser, a jobber/retailer, a traditional jobber store, many grocery, hardware, and department stores, some drug stores, and most convenience stores. And these are only the major players. Someone who wants it done for him or her can go to a car dealer, a gas station, a garage, a mass merchandiser, an auto chain store, a tire store, a tune-up specialist, and several other outlets we missed.

But 20 years ago, when *Automotive Marketing* came on the scene, DIYers had a very limited choice of outlets with a limited selection of products. The non-DIYer probably went to a local gas station or garage. The aftermarket was much more structured and stable.

In this article we want to examine some of the major trends and changes we've found over the last 20 years.

Of the three channels of distribution, car dealers have been least important to the aftermarket, although their share is about 20% of the market and much higher for heavy engine repairs. By and large, the new car dealers conceded car repairs to the other participants. There was too much money to be made selling new cars to worry about the smaller profits to be made in repairing old cars. There were also fewer hassles from angry consumers. Although there are some signs of revived interest in competing for service work, especially by General Motors, most dealer bays are still dedicated to warranty work.

This is not true for import car dealers, however. Selling a unique product in small numbers, and because most American jobbers and repair facilities were very slow to carry parts or repair imports, import car dealers were forced to provide parts and service from the beginning. In addition, OE supplier and car maker relationships slowed the shipment of parts to America, while domestic parts makers were slow to provide import coverage. As a result of all these factors, import dealers still control close to half the market for parts and service to imports.

The Retail Market

The retail market has changed the least in structure and attitude. Chain stores typically began by selling accessories (such as headlights) that car makers did not sell as OE equipment. As time went on, retailers added parts until today most stock close to 15,000 SKUs. They began by buying direct from the factory and still buy direct. Their chief support, then and now, is the DIY customer.

Perhaps the single most important trend in the retail market is the merger and acquisition mania that led to consolidations and bankruptcies in the 1980s. Only four—Advance, Champion, Genuine Parts and Nationwise—of the twenty largest auto chains have not changed hands since the 1970s. A fifth, Pep Boys, went public in 1981, but has not changed management.

Mergers and acquisitions created megachains. By our count, there are now 20 chains operating more than 100 stores. Four, in fact, operate more than 500: Northern Automotive, based in Phoenix, bought up the smaller Schuck's, Checker, Kragen, Crown, and Autoworks chains for a total of some 850 stores; Chief Auto Parts, Dallas (about 520); AutoZone, Memphis, TN (about 560); and the Genuine Parts-owned NAPA stores which owns some 650. Not far behind, Western Auto, Kansas City (which is now owned by Sears); Trak Auto, Landover, MD; and Pep Boys, Philadelphia, all own more than 300 stores.

So while the number of auto stores continues to increase, the number of store owners (and buyers) is actually declining. With the number of buying points decreasing, interesting regional situations occur. For example, Los Angeles is the largest single automotive market in the country. Four retailers—Pep Boys, Kragen Auto, Trak Auto, and Chief—dominate the retail market, while NAPA, Big A and Carquest all operate jobber stores. But of the seven operations, only Carquest actually has a buying office in L.A. Pep Boys, Kragen, and Trak all closed Los Angeles offices in the 1980s.

Implications Serious

The implications of such changes are serious for suppliers. Retailers have

THE GROWTH OF THE AFTERMARKET

1920s: Formation of the aftermarket
- Car dealers served by OE car makers
- Independent repair shops served by parts manufacturers through jobbers (no WDs)
- Retail market selling to DIYers (Western Auto, 1909; R&S/Strauss, 1919; Penn-Jersey, 1920; Pep Boys, 1921).
- 22 million cars on the road by 1929.

1929-45: Depression and World War II.
- Only 25 million cars on the road by 1945.

1940s-50s: Post-War Boom.
- Establishment of three-step distribution (WD to jobber to installer).
- AWDA formed.
- 40 million cars by 1950 and 61 million by 1960.

1960s: The "Golden Age".
- "It's impossible to lose money selling auto parts."
- Gas station count reaches 215,000 (359,000 repair outlets in all) buying through 20,000 jobbers.
- Service, and availability the key factors.
- Supplier dominated distribution.
- Rise of mass merchandiser discount stores.
- DIY sales steadily increase; manufacturers debate selling product to retail stores.
- APAA formed.
- 90 million cars by 1970.

1970s: The decade of change
- First issue of *Automotive Marketing*
- Two oil shortages close 100,000 or more gas stations.
- Number of repair outlets falls to 275,000.
- Rise of jobber retailing; the growth of programmed distribution.
- Radical design, engineering and downsizing changes in new cars lead to parts proliferation problems.
- Imports seize a quarter of the new car market.

1980s: The fragmented aftermarket
- Early 1980s, a severe recession cuts new cars sales.
- Average age of cars reaches 7.6 years; over a third of all cars more than 10 years old or older.
- Growth of the franchised repair specialist.
- Grocery, drug, hardware stores add automotive SKUs.
- Mergers and acquisition mania among retail chains and WDs.
- A jobber store a day closes.
- Continued growth of WD buying groups.
- Revival of the performance market
- Import parts the key problem.
- Rise in the light truck market.
- 144 million cars by 1990.

1990s: The merging market?
- Will DIY sales decline with sophisticated technology?
- First automotive warehouses open.
- Specialized WDs are big business.
- Programmed distribution spreads to retail and performance markets.

gained clout no one foresaw 20 years ago. The retail chains have come full circle from the fledglings that *Automotive Marketing* described in its first year:

"The new retailers are large enough, in many cases, to control their own distribution. And in other cases, they are large enough to ask for, and get price concessions within established private distribution channels. More and more, the automotive manufacturers are awakening to these hard facts:

- The retail segment must be served on its own terms.
- The difference between success and failure in competitive markets often lies in streamlined distribution.

"That mighty network of parts and equipment manufacturers is beginning to see that it's the retail segment that dictates what changes must be made in distribution."

That prediction has come true. Today's market is now distributor, particularly retail distributor, driven. Suppliers who fail to sell major retail chains can easily be frozen out of regions, which means both large programs and retailers are now able to squeeze suppliers for the very best deals and advertising support over and above normal co-op allowances.

One supplier put it this way: "The big guys are going to eat the little guys. I have no idea how some of the small guys are surviving now. Eighty customers account for about 85% of our sales. It's going to get worse before it gets better. I can see maybe only 50 customers in five years. And everybody will be there with their hands out."

A buyer for one of three competing chains in an eastern city said, "Do I play one vendor against another? Of course I do. Do suppliers want to pay for all the promotion stuff the chains are doing? Of course not. But the real question is, will they do it? Sure, if it's a power chain. Any kind of deal you can conjure up is out there if you want to look for it."

The Traditional Market

The real impact of retailing has fallen on the traditional market. The traditional channel is still the major player in the aftermarket. Traditional WDs and jobbers still control almost half of all parts sales, with close to $20 billion in sales in 1990. But while it remains the leading channel, the traditional channel is not the same distribution channel it was in the 1960s.

The WD/jobber channel as we know it began in the late 1940s and early 1950s. Until the 1940s, jobbers bought direct from the manufacturer and manufacturers themselves performed most of the WD's functions. Naturally, seeking lower costs, suppliers began to pass these functions along to jobbers. Soon, it became obvious that another step would be needed. In 1949, following two years of attempts, a number of manufacturers agreed that to have large independent warehouses stocking, selling, and servicing their lines could be profitable. Out of these meetings came a national network of WDs and the Automotive Warehouse Distributors Association (AWDA).

By the 1950s, the route an automotive part followed from its manufacturer to the ultimate consumer, the car owner, was pretty simple. The supplier sold it to a WD who sold it to a jobber (so-called because he sold by the job), who sold it to a mechanic, who installed it for the consumer. Wholesalers flourished: between 1945 and 1971, the number of wholesalers (WDs and jobbers) rose from 6,000 to some 24,000. The latest count by the Automotive Service Industry Association (ASIA), Chicago, found 700 WD owners running 1,200 warehouses and 13,760 jobber owners operating 26,200 jobber stores.

ACCESSORY SALES
(in billions of dollars)

Distribution channel	Estimated sales
Chain stores	$4.2
Mass merchandisers	2.6
Tire dealers	0.9
Car dealers	0.9
Service specialists	0.5
Jobber/retailers	0.3
Total accessory sales	**$9.5**

Source: *Automotive Marketing/Lindsey-Kaufman Co.*

The key to understanding the traditional market is understanding the *Blue Sheet*. The Blue Sheet is the basis for traditional market pricing; it sets the supplier's price to the jobber. In return for providing various functions, such as storage, shipping, service and additional sales, a WD is allowed to buy goods at roughly 25-35% less than Blue Sheet price. So an item listed at $1.50 by the supplier sells to the WD for about $1.00.

For his part, the jobber sells to various classes of customers at various prices set by a rainbow tablet of price sheets: pink, green, yellow, etc., above Blue Sheet price. Until the 1980s, the entire traditional market worked exclusively from the price sheets. Customers were rigidly classified as to what color sheet they could buy off, although WDs and jobbers usually added 5-10% discounts for their best customers and supplier also gave 2-5% volume discounts in spring and fall.

Understanding why the Blue Sheet, in the words of Larry Anton, past president

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of Bumper to Bumper and AWDA, is "dying a slow and painful death" is a little complicated.

Major Buyers

The major buyers were the network of gas stations built by the major oil companies to sell their gas and oil. In the 1950s and 1960s, as the number of cars on the road doubled from 40 million to 89 million, there were gluts in oil production (oil was imported originally because it was cheaper than American oil), and oil companies competed bitterly to gain share. In order to attract gas and oil customers, the oil companies promoted their dealers' service business. The growth of gas stations after World War II was a boon to the wholesale market, which serviced the stations with everything except TBA (tires, batteries, accessories) parts. By the 1970s, there were well over 200,000 gas stations buying products through 25,000 or so jobbers. There were a few DIYers who bought from jobbers, but jobbers made little effort to sell the DIYer. In fact, many discouraged DIY sales in order to protect the professional mechanic. As late as 1971 only 9% of jobber sales went to DIYers.

The jobber looked upon retailers with disdain: "The snake oil and fuzzy dice people" was one kind description. Although the number of retailers also grew, their influence and market share was miniscule except in chemicals and accessories. Repair parts were strictly a traditional market staple. Indeed, many national suppliers would not sell to retailers in order to protect their WD customers. What parts were sold in DIY stores tended to be off-brand or white box parts.

Despite steady DIY growth in the 1960s the traditional market on the whole pretty much ignored the DIYer. And, because of steady growth in business, they did not have to change. The market was controlled and stable.

Service Changes

However, keeping pace with the number of cars on the road and the rapid move to the suburbs by American families, mass merchandisers and repair specialists sprouted up to challenge gas stations and garages for basic profitable repair business such as tune-ups, muffler and shock replacement, and oil changes. These service competitors bought directly from manufacturers and used retailing techniques to sell auto parts and repairs the same way they sold clothing and furniture.

1978-1991: CHANGE IN THE AFTERMARKET

We looked back at the 20 leading aftermarket chains to discover how many had changed hands. Only five had not, although four did not exist in 1978.

Chain	Who owned in 1978	Who owns it now
Advance	Private	Private
Autoworks	Did Not Exist	Northern Automotive
AutoZone	Did Not Exist	Malone and Hyde
Big A	Gulf and Western	Private
Champion	Private	Private
Checker	Private	Northern Automotive
Chief	Apache Corp.	Private
Fisher Stores	Private	Private
Grand Auto	Public	PACCAR
HI-LO Auto	Private	Private
Kragen Auto	Lucky Stores	Northern Automotive
Genuine Parts NAPA	Genuine Parts	Genuine Parts
Nationwise	Private	Private
Parts Inc. Owned	Private	GKN (England)
Pep Boys	Private	Public
Schuck's	Private	Northern Automotive
Super Shops	Private	Private
Trak	Did Not Exist	Dart Group
Western Auto	Beneficial Finance	Sears
Whitlock	Private	WSR Group

OIL AND CHEMICAL SALES (in billions of dollars)

Distribution channel	Estimated sales
Gas stations	$2.4
Chain stores	2.3
Mass merchandisers	2.0
Service specialists	0.8
Garages	0.5
Car dealers	0.4
Jobber/retailers	0.4
Tire dealers	0.1
Total oil/chemical sales	**$8.9**

Source: *Automotive Marketing*/Lindsey-Kaufman Co.

While the traditional market had more or less conceded the DIY market to retailers, direct service competitors were a different story. Unlike garages and gas stations who wait for customers, these service competitors pursued business aggressively. They know what they want to sell, how it should be priced, and whom they want to reach.

Between the mass merchant, the tire store, and the repair specialists, these competitors presently sell about 25-30% of the service market. While they've all had problems getting into service business, most predict continued growth.

On the average, some 6% of discount store sales are made in their automotive departments. By way of comparison, women's wear sections produce an average of 12% of total sales. Still, most discount/department store experts expect automotive sales to grow. They point to the fact that the sale of automotive products has grown almost 1,180% between 1963 and 1986. Experts believe that by the year 2010 the percentage of sales of automotive products will be around 6.75%, almost a full percentage larger than today.

Tire store chains began to emphasize service simply because improved radial tires meant fewer tire sales. The average annual tire sales per car dropped from about 1.9 in the 1970s to about 1.1 today. Tire sales fell off from about 140 million per year in the 1970s to about less than 120 million in the 1980s. Fewer sales meant intense competition and margin slicing for the sales that remained.

In order to survive, national tire chains like Firestone (1,500 owned outlets) and Goodyear (1,300 owned outlets), which already had service bays, expanded their service offerings and began to advertise such things as tune-ups, brake jobs, and shock/strut replacements. Those that did not move into service saw trouble ahead.

Service sales accounted for about 10-15% of dealer revenues in the 1970s, according to research done for the National Tire Dealers and Retreaders Association (NTDRA) by Louis Stern of Northwestern University in 1983. Today service accounts for some 25-30% of total sales. Another bonus, according to Joe DePaulis, past president of the NTDRA, and president of Johnny Antonelli Tire Co., Rochester, NY, is that tires carry a 27-30% margin while service work has a 55-60% margin.

The overall picture for the growth of specialized outlets for transmissions, mufflers, lubrication, and tune-ups has been excellent. A good example is the muffler repair shop. In 1970, gas stations were the leading muffler installers. Muffler shops were tied for third place with car dealers. By 1980 muffler shops were dramatically in the lead with a 33% market share, and gas stations had lost half of their market share. By 1986, muffler shops share had reached 47%. Car dealers had also lost half their share. This share of the market growth will continue.

Indeed, specialized retailers have continued to take an steadily increasing share of market in all their respective specialities. In addition to taking a wider share of market, specialty repair shops deprive the traditional channel of one more customer. While some specialty shops do some buying through local WDs and jobbers, the majority of their stock is supplied from national warehouses.

Gas Shortages

Still, it took the two gas shortages of 1973 and 1979 to end the complacency of traditional marketers. The two shortages closed well over 100,000 gas stations and repair shops and forced many car owners to change their car repair habits. In addition to depriving car owners of outlets, the high cost of energy and inflation forced car maintainers to closely examine how their repair dollar was spent. A good number of car owners became DIYers. These new DIYers would have been natural customers for jobbers. Many of them needed advice and succor. However, most jobbers continued to discourage DIY business.

In 1982, Alghanim Industries, a Kuwaiti owned conglomerate, prepared an interesting study of the automotive aftermarket. While WDs stock roughly 100,000 SKUs, the study found, popular parts which consist of about 20,000 SKUs, make up some 70% of all parts sales. Of popular parts sales, 40-45% went to DIYers. So not pursuing the DIY market aggressively means conceding almost half the popular part business.

Bob McKenna, president of NAPA, Atlanta, described the process succinctly in 1985: "We sort of let this happen. We sat around with our heads in the sand and allowed retailers to have the retail market. It's just like the car companies were to blame for letting us have the repair market years ago. If we'd acted ten years ago with the programs we have now in merchandising and advertising the retail chains would never have gotten a foot in the door. Now we have to go back and battle them for our share."

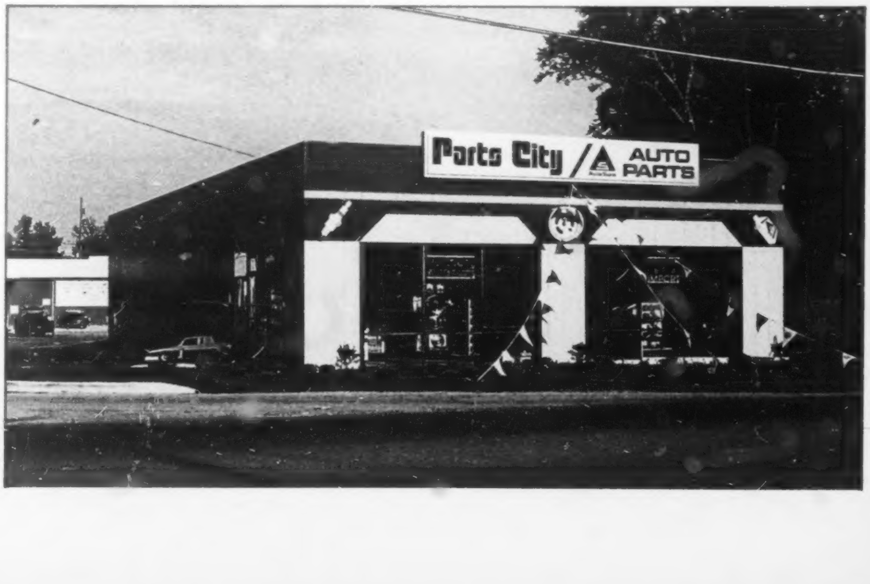
If the traditional market was slow to realize the strength of the DIY market, parts suppliers were not. The same loss of wholesale business that hurt the jobber in the 1970s, also hurt the parts supplier. Suppliers shopped for new business, and found the retail market eager and anxious to buy parts to sell to DIYers. Gradually, retail chains increased the parts they stocked until they were selling practically everything but heavy engine parts. Chains that sold 3-4,000 SKUs in 1970 were typically stocking 8-10,000 SKUs by 1980 and 15-16,000 SKUs by 1991.

The increase in SKUs put the retail chains in direct competition with jobbers. For example, Dan Sussen, owner of Sussen Inc., Cleveland, OH reported that his warehouse stocked 98,651 SKUs, but 8,410 SKUs accounted for 80% of sales. Thus retailers competed with jobbers for 80% of potential business.

So in the 1970s, traditional marketers were faced with a double edged sword: On one hand, declining wholesale business; and, on the other, a growing retail competitor. Throughout the 1980s, jobber stores went out of business on the average of one per day.

However, traditional jobbers could not compete using four step distribution. Way back, in our first issue, we noted that 70 to 75 cents of every dollar spent on automotive products went to pay the freight for four step distribution. As Fred Pisciotta, owner of president of Beacon Auto Parts, Jeannette, PA, and past president of APS, Houston, said in 1985: "A glaring weakness of the four step distribution channel is its inability to effectively compete on a price basis with the new forces in the aftermarket."

The chief economic results of the 1970s were runaway, double-digit inflation, a stagnant economy, and high interest rates. Between 1967 and 1980, the cost of living index more than tripled. Gasoline that cost about 30¢ a gallon in the 1960s sold for over a dollar by the 1980s. People



drove less and spent less on their cars. All but the most necessary repairs were postponed if not eliminated. Following the second gas crisis in 1979, the country drooped in a recession that many compared to the depression of the Thirties.

The net result were price-conscious consumers who took one look at the prices in jobber stores and stayed away in droves. Also, as a result of new players in the market, and new methods of marketing the old services, the consumer can now pick and choose to an extent that was never possible 30 years ago. The aftermarket, like other retailing markets, is now consumer-driven.

Programmed Distribution

In order to compete in the new aftermarket, the traditional market switched to a more integrated distribution. The earliest steps were taken in programmed distribution groups. These groups largely appeared in the 1970s, although the two largest, NAPA and APS, date from 1925 and 1952 respectively. Programmed WDs offer jobbers a program of merchandising, marketing, and advertising assistance. The jobber buys the program. A programmed WD takes the product all the way through the channel from acquisition to merchandising. Perhaps most importantly, programmed distribution allows lower prices on popular parts and in some cases private labels to directly compete on a price basis with retailers.

By the early 1980s more than 10,000 jobbers were members of programmed distribution groups, and the latest count, group by group, puts almost 1,000 WDs and 25,000 jobbers in some kind of group.

One remaining weakness of programmed distribution lies in control of the program. About 25,000 jobbers belong to programs to some degree. But to what degree is a good question. Jobbers are fiercely independent. Most WDs are happy to get 60-70% of a jobber's purchases. But by that yardstick, the number of jobbers in programs would drop dramatically. And too, every single program has to be sold to each and every jobber. Too often jobbers use programs simply for cheaper buying and ignore promotions and ad campaigns. Joe Matlock of AAAD summed it up well: "We're like a paraplegic leading a band. We can't wave our arms, we can't march along. All we can do is yell as loud as we can."

So while programs can make participating jobbers more effective retailers and lower the price difference on fast movers, it requires that jobbers work closely with WDs and many independent jobbers resent WD controls. As a result, a growing number of WDs are going one step beyond programmed distribution and buying jobber stores. In addition to controlling the business, a WD selling direct can eliminate one step in the distribution process. In 1987, we counted 2,017 jobber stores owned by AWDA members and estimated the total number at about 3,500. Consultants Jack Creamer and Jay Bock now put the figure at 4-5,000. The majority of these stores are in metropolitan areas where competition is intense.

Distribution Impact

The impact of programmed distribution and WD-owned stores has been immense on distribution channels. For one thing, jobbers have become successful retailers: The average jobber now gets 36% of his sales from over the counter sales, four times what he did in *Automotive Marketing's* first year. Second and more subtly, slowly but surely the traditional WD/jobber/installer channel and the retail channel are beginning to resemble one another in the way they go to market. Go to a major market and examine the stores. New NAPA, Carquest, or Parts Plus stores look more like Pep Boys, AutoZone, or Western Auto stores than they look like traditional jobbing stores. Add to this the continuing consolidation of the market and you can see why we refer to the aftermarket as the "Merging Market".

The Future

The most recent additions to the aftermarket are twofold. On the retail side are the first warehouse stores which opened in California in 1990. These clubs sell 17,000 SKUs with no frills at a 10% markup, lower than even retail chains. On a more traditional note, specialized warehouses such as A & P in Memphis, TN, which grew from $5 million in 1980 to almost $450 million this year simply by stocking only a few thousand SKUs and selling to jobbers at substantial discounts.

And what of the future? Nothing is so uncertain in the future of the automotive aftermarket as the patterns of distribution. Any efforts at long range prognostication of either players or strategies run the risk of sounding very foolish ten years after.

For example, imagine the reaction of a WD in 1971 if you were to tell him that in 1991 parts for import cars would make up almost a quarter of aftermarket sales, the Western Auto retail chain would be more than a billion dollar operation, that Pep Boys, Northern Automotive and AutoZone (which didn't even exist in 1971) would not be far behind, and that E.J. Korvette, then the nation's largest discounter, would be out of business.

Furthermore, imagine his reaction if you suggested that WDs would own about 4-5,000 jobber stores, that more than 100,000 service stations would go out of business, and that DIY sales would become almost a third of jobber business?

PARTS SALES
(In billions of dollars)

Distribution channel	Estimated sales
Car dealers	$9.1
Garages	6.4
Chain stores	5.1
Gas stations	4.0
Mass merchandisers	3.6
Jobber/retailers	3.3
Service specialists	3.0
Tire dealers	1.0
Total parts sales	**$35.5**

Source: *Automotive Marketing/Lindsey-Kaufman Co.*

The WD would have told you you were crazy; yet all that happened since *Automotive Marketing* began to publish.

Here is the current aftermarket common wisdom summed up neatly: "The nature of the retail market is changing, and will continue to change. The increasing complexity of automotive systems and components will make many DIY procedures beyond the capability of the weekend mechanic. Further, the sophisticated diagnostic equipment and specialty tools required to work on future cars will be beyond the means of the DIYer. And, any expansion of factory warranty provisions will directly erode the DIY market. The DIY market is here to stay. But it will be a different and more limited sector of the aftermarket in years to come."

If that sounds good to you, we should emphasize that this prediction was made in 1977. Coming before 10 years of unprecedented growth in DIY sales by both the retail and traditional jobber store, this prediction leaves a bit to be desired. ■

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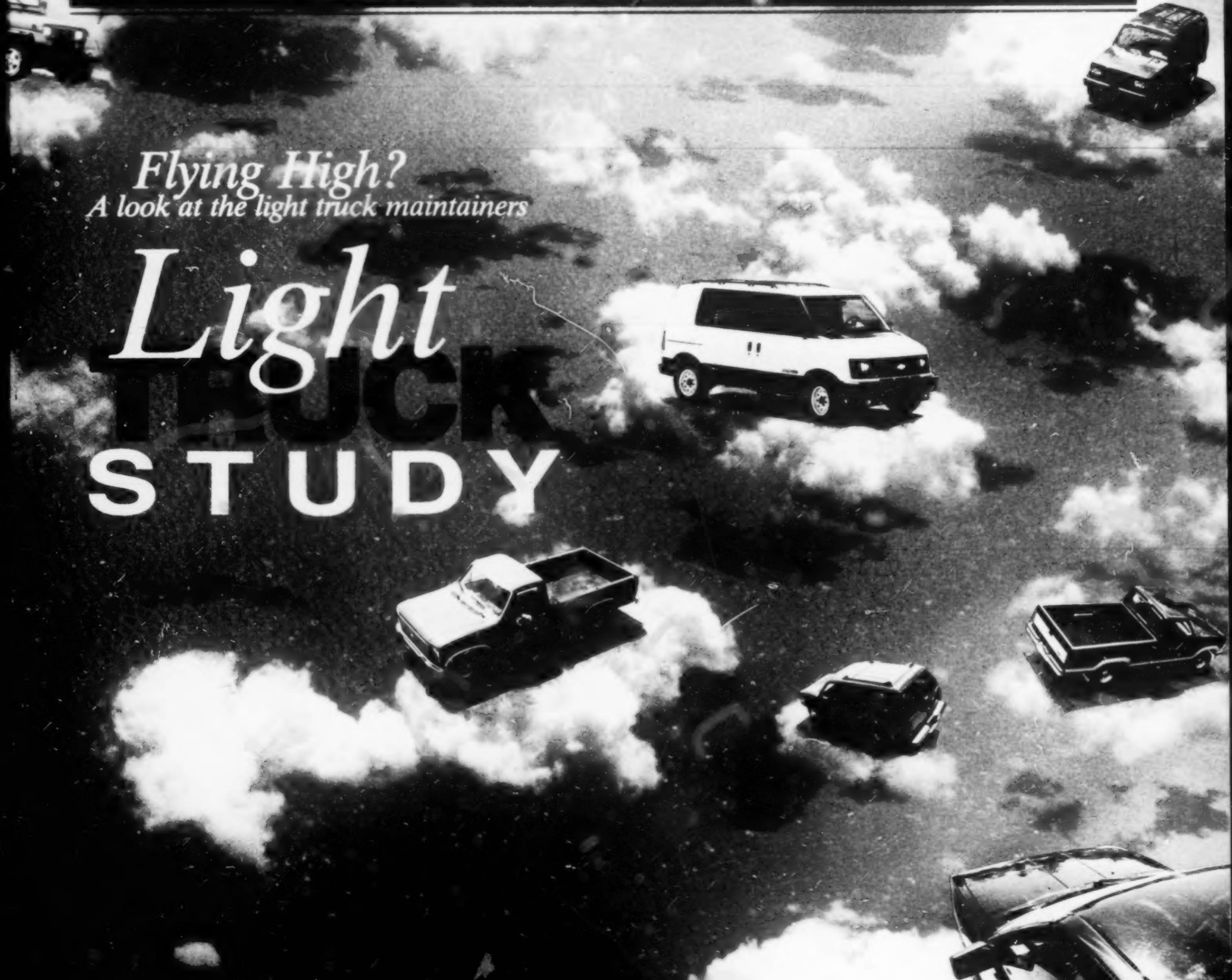
JUNE 1991



Flying High?

A look at the light truck maintainers

Light TRUCK STUDY

Chilton's
AUTOMOTIVE MARKETING

JUNE ISSUE/VOLUME 20, NUMBER 6

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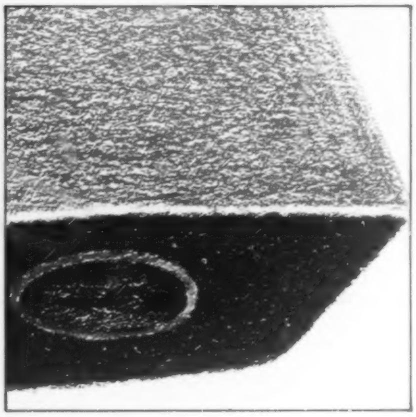

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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Phil Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Ampolsk,
Contributing Editor

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

Chilton Officers:
Gary Ingersoll, President; Senior Vice President Operations, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine.
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EIGHT YEARS

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MARKET LINE

Wax Market Shows Slow Growth But Competition Quickens

Last year, Chuck Tornabene, president, consumer products, Turtle Wax, Chicago, told us, "What you're going to see happen is smaller manufacturers' brands will fall by the wayside in the next few years. The field is going to narrow down."

While no brands fell out of the market in 1990, the share of market controlled by the leaders increased slightly. Four companies—Turtle Wax; Reed Union (Nu Finish), Chicago; Armor All, Aliso Veijo, CA; and First Brands (Simoniz), Danbury, CT—control some 80-85% of the market. And, indications are, they will continue to increase their shares.

Size And Shape

How big is the market? Last year we put wax sales in the $160 million to $180 million range. The market leaders found that still an acceptable range. Turtle Wax's Tornabene said, "It's $160 million to $180 million, it continues about the same. We're projecting a 2-3% increase in 1991. We've been tracking the number of people waxing cars for quite some time and it's been hanging around 45%. No increase or no decrease."

At Armor All, Paul Jones, director of marketing for the Wax Division, said, "It's $168 million for 1990. It was up slightly in 1990, in dollars. Unit sales were flat. Some 53% reported waxing their car."

Reed Union product manager Steve Hopkins simply shrugged. "We all rely on what we read. $160 million might be possible. The size of the market is not a major point with us. We're interested in our own numbers. The market is very flat, but the year was extremely good for us."

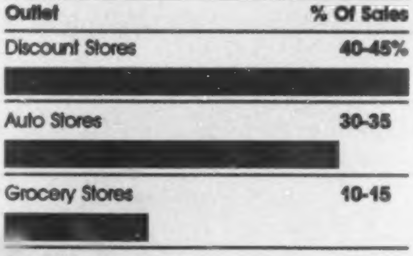
There are four good reasons for slow wax market growth: First, the heavy wax user tends to be a blue-collar male under 35 who's a parent with young children. The under 35 category is a shrinking demographic category as is the blue collar catgeory. Second, more and more women are car owners, and women tend not to be DIY waxers, which leads into the third reason: a growing use of professional car wash and waxing. And the fourth reason is an increasing number of clear coat finishes on cars on the road. Many consumers feel, or are told by new car salesmen, that clear coat finishes don't need to be waxed regularly.

With a flat market and eight or ten companies competing for market share, calling the market intensely competitive is understating the degree of competition.

Over the past several years first Armor All, then Nu Finish, have made dramatic entrances into the market, displacing other companies. Although Turtle Wax remains the market leader, Armor All and Nu Finish came from almost nothing to battle for number one.

WHERE WAX AND POLISH PRODUCTS ARE SOLD

According to suppliers, discount stores remain the major outlet for wax and polish. However, auto stores are increasing their share of this market.



Source: *Automotive Marketing* estimates from various industry sources

Armor All

Armor All built on the success of its protectant which still holds close to 90% of the protectant market. And, the company spent well over $5 million advertising its new wax. And just to be sure, Armor All bought Rain Dance, from Borden in 1988.

While Rain Dance is still the big dollar seller, Armor All wax fell from its initial high ranking in 1990. Jones conceded the company is not happy. "Of course we're not satisfied, our stated purpose is to be number one. Right now, three companies are vying to be number one. We have different plans for Armor All wax. We're very happy it stabilized at 6-8% of the market. In its introductory year, it peaked at 18%. But a lot of that was experimentalism."

Jones said the company will continue to run a three brand strategy: Rain Dance, Armor All, and Rally. "People buy different brands for different reasons. Some buy because they've always used it, some out of habit. Others buy the most durable, others buy what's on special. Rain Dance is the most durable, Armor All has our brand heritage, and Rally is strictly for price—it's a good solid, cheap wax. The largest part of our ad program will go on protectant. We have plans in place to state the position of Rain Dance as the longest lasting wax."

Nu Finish

Nu Finish benefited from a rave review in *Consumer Reports* and improved distribution. Hopkins said the success of Nu Finish is based on quality. "We have delivered what we claimed. We said the product will last a certain amount of time and it does. A company wouldn't be able to survive unless it gets repeat business, and we can get repeat business. Anybody can get business once with advertising. Armor All did that and really died with it. We're a simple company with a good product. People buy it a second time. People are tired of puffery. There are a lot of claims made for car waxes and not carried through. You see people pour lighter fluid on cars and burn the finish. Such claims do a lot of harm to the industry. The consumer realizes it's just not true.

"Every year we've had increases in sales," Hopkins said. "We're the only wax company that can say that. The basis of our sales is so simple. We know where we were going from day one. There's no elaborate strategy. We have five SKUs. We produce a good product and present it at a reasonable price. We treat all retailers the same."

Turtle Wax

Discussing the challengers, Turtle Wax's Tornabene said, "The primary reason for their success is that a fairly large percentage of consumers like to try new things. I think people try it, then historically they come back to tried and true brands. Nu Finish finally got distribution, but up to two years ago they were only sold in drug stores. Last year they got all the brand switchers like Armor All did two years ago"

Turtle Wax still has the best selling wax and probably the widest line in the market. "Strategically, we try and compete with ourselves," Tornabene said. "Last year we introduced Liguid Crystal Super Premium. It was extremely successful and we got behind it with ads and end caps. At the APAA we introduced Finish 2001 and all early reports are very positive. It contains Urethene which the OEs are adding to paint to protect against environmental fallout like acid rain, road tar, and bird droppings. Obviously, we're supporting our number one Super Hard Shell, which has a lot of loyal customers. We certainly believe in niche marketing. People wax for different reasons."

Tornabene said Turtle Wax's most serious problem was simply out of stocks on retail shelves. "It's because there are not enough facings for Turtle Wax," Tornabene said. "Retailers need to provide more facings for the top selling brands. Don't carry duplicates. Go with the leaders."

Simoniz

Mark Haglund, director of marketing for the Automotive Products Division at First Brands (Simoniz), knows the company has a pretty tough road to hoe to gain market share. "It's not a fast growing market. It took a dip in the 1980s but it's coming back. It's not a big business, and it's segmented so you can't justify spending the bucks. Armor All spent five million and couldn't make it happen."

Simoniz will be coming in with a good, better, best lineup of Super Blue, an everyday wax, Simoniz Non-Abrasive for the midrange, and Simoniz Ultimate car wax at the premium end.

"We'll also take a stab at a niche with Simoniz Detailer's Choice," Haglund said. "Our research shows that people are well aware of detail shops but most people can't afford or are not willing to pay to use them. So we surveyed detailers to see what wax they use. What are their quality standards. Most won't name a brand, but will tell you the formula. They like high silicone waxes that're not too abrasive. Our labs say their waxes have a high silicone base. There are two kinds: some silicones go on easy and some make it last. Shine and durablility. From our research we developed Detailer's Choice and we'll sell it for under $10."

Still In The Running

While these four brands dominate the market, we also checked with three long time suppliers. Mike Moshontz, president of Blue Coral, Cleveland, said his company was 16% ahead of last year. "I attribute that to not coming out with a slew of new products. Look at the *Consumer Reports* article of two years ago where Nu Finish did so well. Of all the waxes, they chose to rate 30 varieties. Of the 30, seven were ours. Blue Poly was number two rated. Blue Poly Paste was the number one paste wax rated. Shame on me for not blowing our horn.

"What hurts the market is the proliferation of new products that have no technical validation: What do they do that older products don't do? This year, all our brands will be promoted." Blue Coral markets four brands: Blue Poly, Blue Coral, Westley's, and TR-3. "Our problem is, rather than put our logo on everything, we've chosen to have variety. It's the Proctor and Gamble theory. Tide is big, P&G is secondary. People miss the overall impact of corporate. There's not anybody in appearance chemicals doing any more business than Blue Coral.

The trend toward more sales through auto stores will help Meguiar's, Irvine, CA. Marketing manager Joan Carbrey explained, "We're bigger in auto stores where our target consumer shops." Meguiar's target consumer is not so much a matter of demographics as pyschographics. "It's how you approach your car," Carbrey said. "It's not just people who own expensive cars either. It's people who take care of the car because they love it. We're looking for the DIY consumer who's into taking care of his car and has a lot of pride in ownership. There are people who wax monthly; it a source of recreation and pleasure to them."

For this reason, Meguiar's main thrust is with its Deep Crystal System, a three step program of cleaner, polish, and wax. "Polish and wax are really different products," Carbrey said. "The cleaner is for oxidation, the polish is just designed to deepen and enhance the finish, and the wax is for long lasting protection." Meguiar's also has a "mainstream" one-step car cleaner and wax.

And finally, we spoke with Pat Cirelli, vice president and general manager of Mother's Polish, Huntington Beach, CA, which has always been regarded as a serious car waxers wax. "The key to our success is no matter whether the market is up, down, changing, or skewed, you can pick up Mother's and nothing is better. Others are good or as good, but nothing is better. We have top quality. We've after the Brooks Brothers customer, not the Salvation Army shopper."

Cirelli said the key is shelf placement since two-thirds of wax purchases are impulse buys. And getting into discount stores. He concedes it's easier to reach auto stores that are willing to try new brands or already know Mother's. Still, the key to success remains weekend weather. "I don't care what Michelob says," Cirelli said with a smile, "Weekends are made for wax and polish. People don't wax on Tuesdays. The number one influence on the market is the weather. People walk in the store and say, 'it's a nice day, I think I'll throw a wax job on the car.' And you have to be on the shelf that day." ■

KAUFMAN ON THE MARKET

Competition Hotter Among Service Retailers For Undercar Business

By Edward L. Kaufman,
Contributing Editor

It seems as if all at once every service-oriented retailer in the aftermarket has decided to target the undercar service market. For example:

- Volume retailers are showing increasing interest in brake jobs, replacing shocks and struts, wheel balancing and wheel alignment.
- Specialists are becoming less specialized. Muffler specialists, are expanding their shock/strut replacement and brake jobs. Some brake and front end

specialists are showing interest in replacing catalytic converters, a business likely to increase because of more stringent emissions control standards and mandatory inspection. And, some tune-up/diagnostic specialists, like Sparks Computerized Car Care Centers, are edging into undercar service.

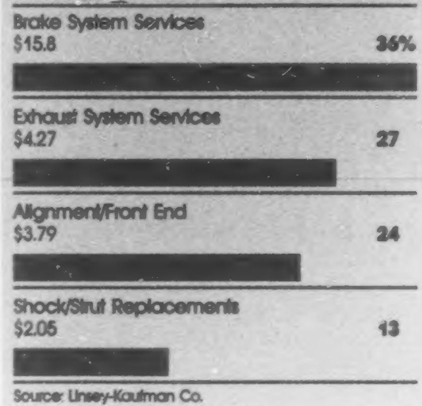
- Car dealers, gas stations, and independent repair shops remain important in brake service, wheel services, and only slightly less important in shock/strut replacement. Dealers of imported vehicles are particularly successful.
- Tire stores dominate the market for wheel balancing and wheel alignment services. Tire retailers are continuing to push for more automotive service revenue such as brake services and shock/strut replacement.

What's the attraction? Why is everybody getting into this act, and everybody else's act? There are three big reasons:

- A large and growing market. Total 1990 retail sales of undercar services (not including wheel balancing) were about $25.91 billion. Sales are going up because of more complex systems and costlier components. For example, the movement to four wheel drive vehicles has increased the average cost of brake repairs, not to mention costlier non-asbestos friction materials. The movement to front wheel drive vehicles requires costlier equipment and skilled technicians for wheel alignment. Also, MacPherson struts are more difficult for DIYers than ordinary shocks.

THE UNDERCAR SERVICE MARKET: 1990

Estimated retail sales in billions of dollars, including parts and labor.*



Source: Linsey-Kaufman Co.

* Does not include wheel balancing

- A relatively low barrier to market entry. Compared to numerous other categories of automotive service, you don't need the brain power of a rocket scientist to change mufflers, shock absorbers or brake pads. Many types of automotive retailers can afford the required investments in service equipment and technician training.
- Relatively high profits. Relative, that is, to services which might take longer to perform or be harder to estimate, like engine diagnostics/tune-up, engine overhauls and transmission overhauls. Profit potential lies in getting high volume because the majority of undercar services can be performed reliably on a routine basis. Undercar specialists can estimate accurately how long it will take them to replace brake pads or tail pipes. And comebacks will be rare.

At Allied Signal Inc's Aftermarket Group, E. Providence, RI, Paul Corkins, vice president, marketing, Brake Division, says, "The market for brake hard parts is increasing at 3% per year and the market for brake friction parts is increasing at 3.5% to 4.5% per year. That's real growth: units." Brake service is attracting market entrants for a variety of reasons. "Tire dealers have a need for additional revenue because radial tires last so long that unit sales growth is slow now. The same with muffler specialists. They are interested in other lines because exhaust systems last longer."

Pricing Strategies

Is increasing competition having an adverse effect on profit margins? Yes, those retailers who are offering "magic number" prices are undoubtedly hurting their own profit margins. But, interestingly, some retailers find that they are able to ignore competition and obtain prices which yield them gross margins of 60-65%.

In the brake service category, the 1991 magic number appears to be $59.95 per axle. For that price shops will change pads, inspect and fill the hydraulic system, resurface rotors or drums, and inspect calipers. But it is not necessary to meet that price to compete. Consumers appear to take into consideration other factors such as the guarantee on parts and workmanship, replacement of old hardware etc.

At Brakes Etc., Jeffersonville, PA, founder and president Dan Rhode, says, "We advertise a brake job at $79.95 per axle. That is a good price. It includes replacement with Bendix pads, with a limited lifetime warranty, resurfacing of rotors or drums, fill up of brake fluid, checking of calipers and a test drive. If semi-metallic pads are required the price

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"We have competitors who advertise $59.95 per axle. They do this by using private brand pads that have only a 90-day warranty. But $59.95 is just a low ball price. When the customer comes in, the shop tries to step him up to a higher priced job. In fact, the job may wind up costing much more because the crew is told to find work: replace calipers whether worn or not, sell a brake job for the second axle, and so on. Practices in this industry vary a lot depending upon the philosophies of the owners. We don't believe in low balling or pushing unnecessary work. We pull all four wheels and inspect all brakes but we only replace what is needed."

Corkins says, "A realistic price on a two-axle brake job is $175-$200. A price of $59.95 for a front axle job is realistic if only the pads have to be replaced, and that's rare. Most conscientious installers will replace the hardware whether they look worn or not because springs get fatigued with age. And often there is a need to resurface rotors or replace hydraulic parts like wheel cylinders."

In upstate New York, Joe DePaolis, president of the Johnny Antonelli Tire Chain, says, "We are surrounded by tough competitors on brake jobs. Here are ads for two shops advertising brake jobs at $59.95, K mart at $67, Western Auto at $59.95, and Sears at $48.00. Hurt their profit margins? It's bound to! We charge $89.95 for an 8-point brake job, warranted for 20,000 miles and $109.95 for a 10-point brake job with a 50,000 mile warranty."

Training A Concern

Despite significantly higher prices, DePaolis said sales of brake services are up 6.5% over last year. One of the worries DePaolis has about undercar service business is that it is getting harder to find good technicians and apprentices. "The work is getting more complex and the vocational schools are still the dumping ground for the school system." Are parts manufacturers helpful on training? "Not as much as they used to be. They have cut way back on clinics."

At Brake Parts Inc., McHenry, IL, Tim Golden, director of training, says, "Our company hasn't cut back, we just can't keep up with the demand. The two most wanted types of training are electronic engine control and anti-lock brakes. We are busy training 85 salesmen (85% are ASE certified) to hold ABS clinics for NAPA. In addition, we are training 120 Raybestos salesmen. They too, hold introductory clinics. We supplement that with videotapes and training manuals. Our staff of seven trainers also conducts clinics for large audiences, one hundred and up. There is a severe shortage of qualified technicians and the problem is worsening because of the increasing use of electronics. Now we are seeing electronically controlled suspensions as well as brake systems and engine controls."

Which suggests that there will be a shake-out of service retailers. The survivors will be those who know how to find, train and retain capable technicians. ■

RETAILERS

Champion Chooses Service; Buys Crown Auto

Two years ago, four chains battled for market supremacy in the Minneapolis-St. Paul area: Big Wheel, Champion, Crown (owned by Northern Automotive, Phoenix), and 10,000 Auto Parts. Now, following Champion's acquisition of Crown, there are only Champion and Big Wheel left. Champion acquired 18 stores from the bankrupt 10,000 Auto Parts in April, 1990.

"The chips fall in mysterious ways," Champion executive vice president Dene Billbe told us. "Northern was desirous of divesting Crown and we were looking for stores with service bays."

In October, 1990, Champion bought 11 of the Crown stores from Northern. This year, the company purchased 17 additional stores in Minnesota and Wisconsin. According to Northern Automotive sources, the remaining 30 Crown stores will be closed.

Billbe said changing demographics spurred the chain's move to service. "The do-it-for me revolution is going to come to the forefront," he said. "So we want both formats. It's not that there's not going to be any DIY, but we want to be able to take care of both. Running service bays is complex. That's the reason most people don't want to get into the business. You have to hire mechanics, you have problems with misdiagnosis. But since we're basically a franchisor with on-site supervisors, we can take more chances than a vertical operation can. All new corporate Champions will open with service bays and many franchisors may open with service bays if they want service bays."

Champion plans about 15-20 new franchise operations a year and temporarily,

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Tracking The Light TRUCK MAINTAINER

Last year, for the first time, we looked specifically at light truck, van, and sports utility vehicle DIYers. This year we broadened the scope to look at all those who were responsible for maintaining these vehicles—DIYer and non-DIYer alike.

by **Phil Katcher,** Business Editor

The market made up of people responsible for maintaining light trucks, vans, and sports utility vehicles is a *big* market. When Chilton Research Services, Radnor, PA, telephoned across the country to find out the habits of all vehicle maintainers (the results being published in last March's *Automotive Marketing*), it also screened for vehicle type. In all, it found that 26% of households in the U.S. had a light truck in them; 11% had a van; and 6% had a sports utility vehicle.

For the purpose of reading ease, hereafter, we'll refer to the light truck, van, and sport utility vehicle market as simply the "light truck market."

Beyond the sheer number of maintainers of these vehicles, however, they make up a good market because proportionally more of them spend time on automotive DIY jobs than do car maintainers. In all, 77% of all vehicle maintainers—maintainers of cars, light trucks, vans, and sport utility vehicles—define themselves as some sort of automotive DIYer. However, when the car maintainers are eliminated, the percentage of vehicle maintainers who call themselves DIYers leaps 10% to a total of 87%.

And, light truck DIYers are more serious about what they do than general vehicle DIYers. In all 31% of light truck DIYers called themselves "dedicated" DIYers, compared to 17% of all vehicle DIYers who defined themselves with the same term. Another 31% of light truck DIYers said they were "medium" DIYers, compared to 26% of all vehicle DIYers. On the other hand, 35% of all vehicle maintainers admitted they were only "light" DIYers, while only a quarter of light truck DIYers said that's how they defined themselves.

This may be in part because light truck owners usually have more than one vehicle to maintain. In only 6% of all U.S. households, light trucks are the only vehicle owned, while 2% of all U.S. households own only a van. Only 0.3% of all U.S. households have only a sports utility vehicle.

Comparing DIYers

Regardless of the reason, light truck DIYers enjoy doing it themselves more than all vehicle DIYers. In all, almost a quarter (24%) of light truck DIYers enjoy automotive maintenance jobs "a lot." This compares to only 18% of all vehicle maintainers. On the other hand, 22% of all vehicle maintainers don't enjoy automotive DIY at all, while only 17% of light truck DIYers said the same.

Light truck maintainers also tend to visit auto parts stores more than all vehicle maintainers. In all, 30% of light truck maintainers report they bought automotive parts, chemicals, and accessories in an auto parts store over the past year, while only 26% of all vehicle maintainers said the same. Discount stores were more patronized by light truck maintainers than all vehicle maintainers (37% vs 28%). So were department stores (33% vs 22%). In fact, light truck maintainers bought auto parts at every type of outlet in greater numbers than did all vehicle maintainers.

Light TRUCK STUDY

Light truck maintainers shop for auto supplies more often than all vehicle maintainers. In all, 10% say they shopped monthly for these products, compared to only 6% of all vehicle maintainers. Indeed, 8% said they shopped over 30 times a year, while only 5% of all vehicle maintainers shopped this often.

On the other hand, the educational level of light truck maintainers is somewhat lower than found among all vehicle maintainers. Among all vehicle maintainers, 46% had a high school diploma or at least some high school education. Among light truck maintainers, this figure jumps to 52%, for a 6% increase.

It's not surprising, then, that 17% are employed as craftsmen and kindred workers, compared to 10% of all vehicle maintainers who have the same sort of jobs. On the other hand, 16% of all vehi-

EDUCATION OF LIGHT TRUCK MAINTAINERS

We asked those who maintained light trucks, vans, or utility vehicles how much schooling they had had.

High School Graduate	40%
Some College	26
College Graduate	22
Some High School	12

Source: 1991 *Automotive Marketing* Light Truck Study

PRODUCTS ON LIGHT TRUCK MAINTAINERS VEHICLES

We asked those who maintained light trucks, vans, or utility vehicles what products they had on their vehicles.

Pass-through Windows	35%
Running Boards	23
Bedliners	18
Tool Boxes	15
Hang-on Accessories	12
Custom Steering Wheels	9
Anti-theft Devices	7
Spoilers	7
Sun Roofs	6
Light Bars	5
Winches	4
None Of The Above	28

Source: 1991 *Automotive Marketing* Light Truck Study

RUNNING BOARDS

[illegible]

WHERE THEY BOUGHT RUNNING BOARDS

Auto parts store	**33%**
Dealer	**15**
Specialty Installer	**13**
Farm store	**10**
Discount store	**7**

WHO INSTALLED RUNNING BOARDS

[illegible]

DIY Installed	**51%**
Professionally Installed	**49**

OE OR AFTERMARKET?

We asked [illegible] truck maintainers if their running board came with the truck or they [illegible]

Already on	**70%**
Bought	**30**
Don't know	**0**

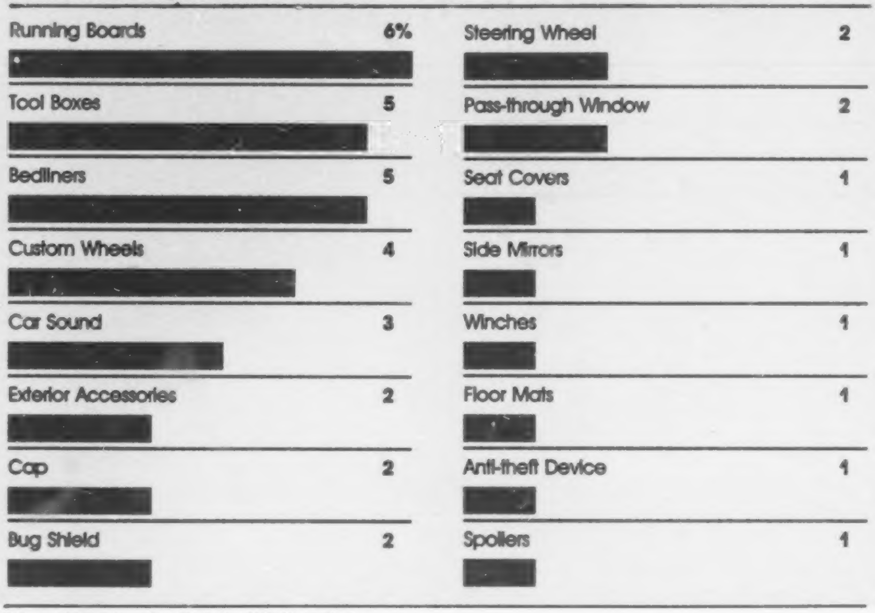
[illegible]

cle maintainers are professional, technical or kindred workers. Light truck maintainers in these types of jobs make up 14% of the vehicle maintainer universe.

On the other hand, light truck maintainers, regardless of educational levels or

WHAT PRODUCTS THEY BOUGHT FIRST

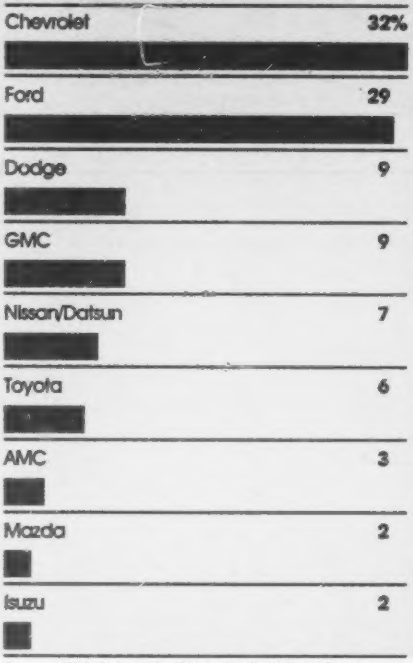
We asked those who maintained light trucks, vans, or utility vehicles what the first aftermarket product they bought for their vehicle was.



Source: 1991 *Automotive Marketing* Light Truck Study

TRUCKS LIGHT TRUCK MAINTAINERS OWN

We asked those who maintained light trucks, vans, or utility vehicles what specific brands of light trucks they own.



Source: 1991 *Automotive Marketing* Light Truck Study

BEDLINERS

OE OR AFTERMARKET?

We asked light truck maintainers if their bedliner came with the truck or they added it after buying the truck.

Already on	69%
Bought	29
Don't know	2

WHERE THEY BOUGHT BEDLINERS

Most truck maintainers who bought bedliners bought them at auto parts stores.

Auto parts store	29%
Dealership	23
Specialty installer	12
Truck parts store	8
Discount store	5

WHO INSTALLED BEDLINERS

Just over half of those who bought bedliners had them professionally installed.

Professionally installed	55%
DIY installed	45

Almost a third of those who installed bedliners in their light truck, van, or utility vehicle purchased them after buying the vehicle.

Auto parts stores were the single most popular place for those who purchased bedliners to shop for them. However, a much larger proportion of women light truck maintainers, at 66%, bought bedliners at auto parts stores than did men, at 23%. The remaining third of women bought their bedliners at their dealers, while men divided their purchases among such places as truck and RV stores, specialty shops, discount and department stores, and performance shops.

As well, almost three quarters (73%) of light truck maintainers with annual household incomes of under than $20,000 bought bedliners at auto parts stores. However, only 17% of those with annual household incomes over $40,000 bought their bedliners at auto parts stores. Just over a third of the latter income group patronized their dealers or shopped at places such as specialty repair shops or department and discount stores.

In all, women light truck maintainers who had bedliners installed were almost evenly divided in having them installed by themselves (30%), by the dealer (33%), or by a friend or relative (36%). But men differed, with just over half (52%) having them installed by someone other than themselves. Just over a quarter went to the dealer—none had a friend or relative do the job—while others had them installed by an auto parts store (11%) or a specialty shop (10%).

All the women who installed their own bedliners said they did it because it was an easy job to do. Almost half (49%) of the men gave the same reason, but 30% of the men did it to save money. Another 22% said they simply could do the job, while 13% did it to save time.

As well, all the women light truck maintainers who installed their own bedliners said that they'd be "somewhat" likely to do the job again. Men were more positive, with 91% said they'd be "very" likely to do the job again, and only 9% said it was "not at all" likely that they'd put their own bedliners in again.

The bottom of the line tool boxes were bought by men between 35 and 44 years old making over $40,000 annually who spend less than an hour a month on automotive DIY but are responsible for maintaining three or more vehicles.

Finally, women light truck maintainers were slightly better informed bedliner purchasers, with two thirds shopping around before buying what they did, while only just over half (53%) of the men doing the same. ■

LIGHT BARS

All those who purchased light bars from an aftermarket source, rather than getting them on their light truck, van, or utility vehicle as OE, were male. They fell into two age groups, 25 to 34 and 45 to 54. Their annual household incomes were in two ranges, $20,000 to $30,000 and over $40,000. Around half spent over 11 hours a month on automotive DIY, while the rest spent five or fewer. And, all were responsible for maintaining two or more vehicles.

Basically, those who bought light bars went to one of only two sources, an auto parts store or a performance or speed shop. Younger buyers went to performance shops, while both age groups went to auto parts stores. Buyers in the lower income bracket also bought at speed shops, while all light bar buyers in the upper income bracket patronized auto parts stores.

All the serious DIYers who bought light bars bought them at speed shops.

Light bars purchased after the light truck has been bought are virtually always a DIY-installation project. Just over three quarters of all light bar buyers installed their own light bar. But, the remaining quarter were installed by a friend or relative of the purchaser.

While some two thirds installed their own light bars to save money, the rest of the light bar DIYers said they did the job for "personal enjoyment or satisfaction," because it was "simple or easy to do," or simply because the DIYer could do the job himself.

Those who installed their own light bars to save money all spent 11 or more hours a month on automotive DIY. Yet, they were equally found in the younger and older age group and upper and lower income levels.

Would they do it again? You bet. Every light bar installer told us that he'd be "very likely" to install another light bar if he got the chance.

What do they buy? Every light bar purchaser told us that he bought the best product available. Even so, slightly over three quarters said they didn't shop around before buying the light bar they did.

Those who did shop around were in the 25 to 34-year-old group, making between $20,000 and $30,000 in annual household income, spending 11 or more hours a month on automotive DIY, and responsible for maintaining two vehicles. ■

OE OR AFTERMARKET?

We asked light truck maintainers if their light bar came with the truck or they added it after buying the truck.

Already on	**81%**
Bought	**19**
Don't know	**0**

WHERE THEY BOUGHT LIGHT BARS

Most truck maintainers who bought light bars bought them at auto parts stores.

Auto parts store	**76%**
Performance shop	**24**

WHO INSTALLED LIGHT BARS

Three quarters of those who bought light bars installed them themselves.

DIY installed	**76%**
Professionally installed	**24**

ANTI–THEFT DEVICES

Although over half of those who have anti-theft devices for their light truck, van, or utility vehicle bought them with the vehicle, an impressive 44% bought aftermarket models.

Exactly half of those who bought anti-theft devices bought them for a light duty truck. Another third bought such a device for a van, while 16% bought a device for a utility vehicle.

Many anti-theft devices include fairly complicated electronic components. It's no surprise, then, that over half (58%) of those who bought aftermarket devices had them installed at the specialty dealer from whom they bought the device. Another 10% had them installed at the dealer, while 8% each had them installed at an auto parts store and by a friend or relative.

Of the 17% who installed their own anti-theft devices, all were male. Over half (52%) were aged between 45 and 54 years of age. All made over $40,000 in annual household incomes—showing that the job was a pleasure since they could presumably afford to have had the devices installed professionally. And, indeed, over half (52%) report that they habitually spend 11 or more hours a month on automotive DIY work. And, they said they installed the device since they enjoyed doing it, as well as to make sure the job was done right. Finally, the same percent was responsible for just one vehicle, the light truck, van, or utility vehicle they bought the device for.

Everyone who installed their own anti-theft device also said that they'd be "very likely" to do the job again.

Yet, there is an interesting suggestion that people who buy anti-theft devices buy them as impulse items, expensive though many of them are. In all, well over half (60%) said they didn't bother to shop around for the best price for the unit they bought. Even so, almost the same percent (68%) said they bought the "top of the line" device, in terms of quality. The others said they bought the "middle of the line," while nobody admitted to buying a low quality anti-theft device.

Of those who bought the middle range quality devices, over half (53%) made $30,000 or less in annual household income; all spent five or fewer hours on automotive DIY a month; and all were aged between 25 and 44 years of age. ■

OE OR AFTERMARKET?

We asked light truck maintainers if their anti-theft device came with the truck or they added it after buying the truck.

Already on	**56%**
Bought	**44**
Don't know	**0**

WHERE THEY BOUGHT ANTI-THEFT DEVICES

Most truck maintainers who bought anti-theft devices bought them at auto parts stores.

Auto parts store	**23%**
Dealership	**19**
Audio retailer	**10**
Hardware store	**9**
Specialty installer	**8**

WHO INSTALLED ANTI-THEFT DEVICES

A large majority of those who bought anti-theft devices had them professionally installed.

Professionally installed	**83%**
DIY installed	**17**

TOOL BOXES

In all, 15% of light truck, van, or utility vehicle drivers have a tool box on their vehicle. Almost half of those vehicle maintainers bought their tool box as an add-on accessory. Interestingly, those who added the tool box some time after buying the vehicle tended to be younger. In all, 20% of those who bought tool boxes were under 25-years-old; 34% were 25 to 34-years-old; 27% were 35 to 44-years-old; 17% were 45 to 54-years-old; and only 3% were over 55 years old.

As well, as annual household incomes rose, the percentage of those who bought a tool box later compared to those who bought a vehicle so equipped also declined—until the high end of the income spectrum. Almost a quarter (24%) of those making under $20,000 bought a tool box, a percentage that drops to 15% of those making between $20,000 and $30,000. However, there is a slight rise, to 16%, among those buying a tool box who made annual household incomes of between $30,000 and $40,000. Then, 42% of those making over $40,000 annually were aftermarket tool box buyers.

Certain groups of light truck maintainers who bought tool boxes did *not* buy them at auto parts stores. For example, not a single tool box buyer under 25 years of age, nor any tool box buyers who made between $20,000 and $30,000 in annual household income, nor any tool box buyers who spend six or more hours a month in automotive DIY bought their box at an auto parts store.

This latter fact is especially worrisome to auto parts chain stores, since the DIYer who spends over six hours a month on his vehicle should be the best auto parts store customer. In fact, at least when buying tool boxes for a light truck, van, or utility vehicle, these serious DIYers mostly like to shop at department and discount stores. A handful buy them at independent garages, hardware stores, and WDs.

All the people who bought tool boxes with whom we spoke had them installed by a DIYer, either themself or by a friend or relative. Light DIYers, who spend five or fewer hours a month on automotive DIY, and those making over $40,000 in annual household income, turned the job over to another DIYer; the rest did it themselves.

Almost everyone who installed his own tool box said he'd do it again. Among those who wouldn't be very likely to were those at either end of the age and income ranges and those spending between six and ten hours a month on automotive DIY.

Among those who shopped around for the best tool box were all the women and all those spending 11 or more hours a month on automotive DIY. Light truck maintainers over 55-years-old bought without comparison shopping. ■

OE OR AFTERMARKET?

We asked light truck maintainers if their tool box came with the truck or they added it after buying the truck.

Already on	**51%**
Bought	**49**
Don't know	**0**

WHERE THEY BOUGHT TOOL BOXES

A fifth of truck maintainers who bought tool boxes bought them at auto parts stores.

Auto parts store	**19%**
Department store	**16**
Discount store	**14**
Hardware store	**6**
Dealer	**4**

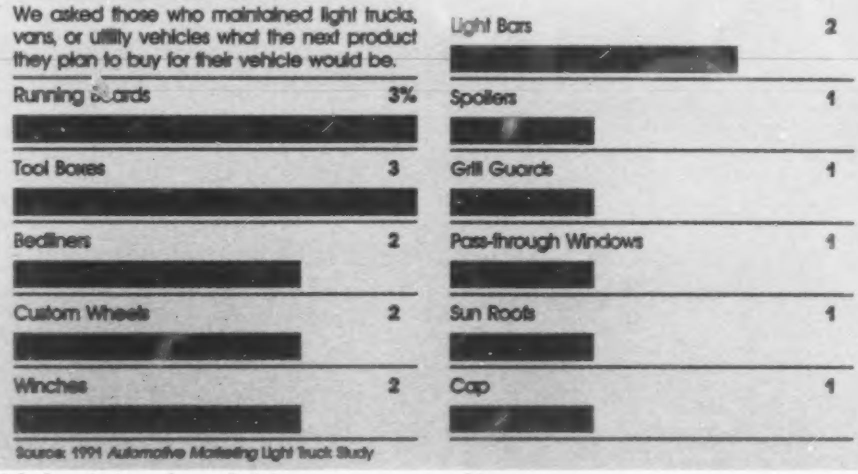
WHO INSTALLED TOOL BOXES

Most of those who bought tool boxes installed them themselves.

DIY installed	**87%**
Professionally installed	**13**

WHAT PRODUCTS THEY'LL BUY NEXT

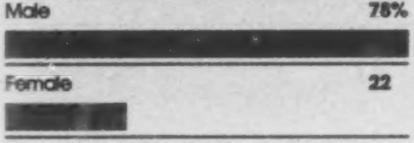
We asked those who maintained light trucks, vans, or utility vehicles what the next product they plan to buy for their vehicle would be.



Source: 1991 *Automotive Marketing* Light Truck Study

LIGHT TRUCK MAINTAINERS BY SEX

We noted what sex those who maintained light trucks, vans, or utility vehicles were.



Source: 1991 *Automotive Marketing* Light Truck Study

job descriptions, have slightly more money to throw around on their favorite vehicles than do all vehicle maintainers. In all, 31% of them have annual household incomes of $40,000 or more. This compares to all vehicle maintainers, of whom only 29% have annual household incomes in this range.

Light trucks, many vans, and sports utility vehicles, certainly, have a certain "macho" image. It's no surprise, then, that 78% of their maintainers are men. Among all vehicle maintainers, only 57% are men. ■

STUDY METHODOLOGY

The 1991 *Automotive Marketing Light Truck Maintainer Study* was conducted by Chilton Research Services, Radnor, PA, which interviewed 403 maintainers of light trucks, vans, and sports utility vehicles over the telephone. Questions were open ended to assure that the words used in the answers were the interviewee's own. This study cannot be compared to the light truck study we produced last year, in which CRS interviewed 306 DIYers who owned light trucks since this year all maintainers were interviewed, even if they did no automotive DIY work themselves. ■

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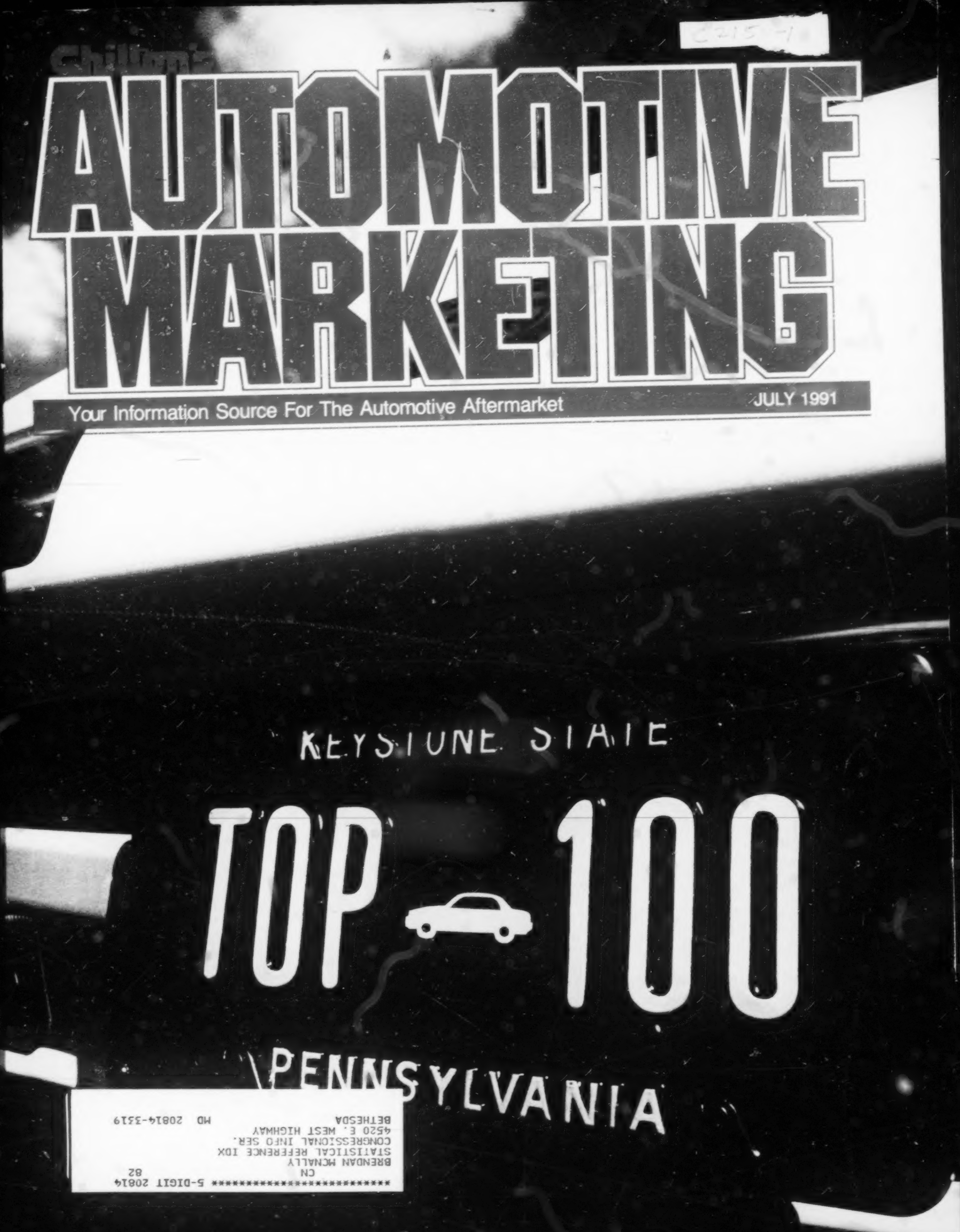
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AUTOMOTIVE MARKETING

JULY ISSUE/VOLUME 20, NUMBER 7

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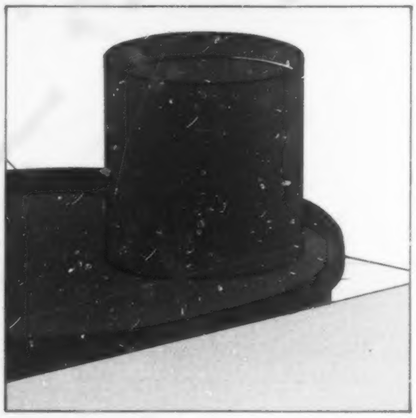

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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Phil Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Ampolsk,
Contributing Editor

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

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CHILTON OFFICERS
Gary R. Ingersoll; President
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MARKET LINE

A Primer On Programmed Distribution In The Nineties

Around 1985, a "Third Generation" of 8-10 programmed distribution groups blossomed with similar names like IWDI and IWDA, unique names like Trustar and Eagle Nation, or simple titles like Delta 3 or DWC, and so on. These groups stemmed from the success, or lack of success, of older programmed distributors. To consider this, we have to step back and examine the first and second generation programs.

The first generation, the grandfathers of programmed distribution, are NAPA (Atlanta), Big A (Houston) and Parts Plus (Memphis). The three all began before 1970 and all are controlled by a single WD, although other WDs participate in the programs.

NAPA is by far the most successful with almost 7,000 jobbers and a consumer known NAPA brand. Other groups want to be like NAPA. Eight of our top 100 chains are NAPA jobbers including Genuine Parts, Atlanta, which owns more than 600 stores. NAPA is now signing installers under the NAPA Autocare flag to further lock in distribution.

Big A and Parts Plus have taken some lumps in recent years and have recovered as APS (which went through an LBO in 1988) revitalized its programs and Parts Inc., Memphis, slowed down a buying spree to consolidate a bit. APS serves about 1,600 jobbers and Parts Plus about 2,500.

All these groups offer full service program distribution with volume buying, private labels, heavy advertising and promotional programs, computerized ordering, business advice for the jobber and practically any service the central office can give. Most importantly, decisions are made in central offices and followed by members. These groups are very close to being national chains.

Second Generation

Two factors spurred a second generation of programs in the 1970s: First, the 1973 Arab Oil Embargo closed as many as 100,000 wholesale customers; and second, DIY sales rose at retail chain stores. Depending on who did the counting, some 15-20 groups started in the mid-1970s but many fell by the wayside.

Among the winners was Carquest, probably the most successful second generation group. Carquest suffered a bad patch of bankruptcies among its WDs a few years ago but it quickly filled the voids in distribution. Like NAPA, Big A, and Parts Plus, it has national programs, warranties, and installer programs. Carquest has 15 WDs and about 2,300 jobbers. Recently, co-founders Temple Sloan of General Parts, Raleigh and Joe Hughes of the Indiana Parts Warehouse, Indianapolis merged under the General Parts logo. General Parts now has branches in Indiana, Michigan, Minnesota, and Montana, as well as almost every Southeastern state.

Other successful second generation groups include:

- [illegible], a regional program run by Alexander Seewald, Atlanta.
- Auto Pro, until recently owned by Taylor Parts, Andalusia, AL, but now shares are sold to member WDs.
- Bumper to Bumper suffered when AI Automotive went bankrupt but is now controlled by its member warehouses. "Now, we're a democracy, watch us go," said new director Lee Synott.

Unlike the first and second generation groups, the third generation groups offer little more than buying power. A very few, such as Federated, have private label programs. Some are beginning to offer some services. Most members are WDs

TOP 20 CHAINS IN NEW PROGRAM GROUPS

From our Top 100 list, here are the leading chains that belong to the third generation programmed distribution groups that were organized in the 1980s. For the top chains belonging to other programmed distributors, see our newest Top 100 list elsewhere in this issue.

Rank	Chain	Location	Program	# of Stores
1.	Fisher Auto Parts	Staunton, VA	Federated	181
2.	O'Reilly Automotive	Springfield, MO	Auto Value	115
3.	Advantage Auto	Rochester, NY	Auto Value	72
4.	Kentucky Motor Service	Covington, KY	Federated	50
5.	Big Wheel Auto/Rossi	Mendota Hts, MN	RPM	40
6.	Ace Auto Parts	Clearwater, FL	Auto Value	40
7.	Pettigrew-Smith/Dales	Houston, TX	IWDA	37
8.	Twin "B" Auto	VA Beach, VA	RPM	28
9.	Barnes Motor & Parts	Wilson, NC	APA Mgt	27
10.	Bennett Auto Supply	Oakland Park, FL	Auto Value	23
11.	Kirkham Auto Parts	Blackfoot, ID	Auto Value	23
12.	Acme Auto Supply	W. Hartford, CT	Auto Value	21
13.	VIP Discount Auto	Lewiston, ME	RPM	20
14.	Gatling's Auto Stores	Connellsville, PA	Eagle Nation	20
15.	All State 1	Metairie, LA	IWDI	20
16.	Arnold Motor Supply	Spencer, IA	Auto Value	19
17.	Interstate Auto	Elizabethtown, KY	Federated	19
18.	National Auto Supply	St Louis, MO	Federated	17
19.	OK Auto Supply	Ishpeming, MI	APA Mgt	17
20.	Knecht's Discount	Springfield, OR	Eagle Nation	15

Source: *Automotive Marketing* Top 100, 1991 who passed up earlier opportunities to join programs or were simply passed by. A western WD who didn't want to join a program in the 1970s said, "I joined XXX just because the pressure was on from mass market guys taking retail business and two-steppers (WDs, suppliers) taking wholesale business and I went there to fight this. The only way is to get together and go to the manufacturer and pledge some volume and get some points off. Get some strength in numbers."

Counting Heads

Other WDs had the same idea. Getting firm counts on the number of jobbers in programs (or even the total number of jobbers) is about as hard as eating soup with a fork. But we'll try here.

NAPA, Big A, and Parts Plus have 10,500 jobbers, more or less. That's roughly 40% of all jobbers if you accept 26,000 as the number of total jobbers. The second generation groups we talked about above add about 4,500 more jobbers. So roughly 60% of all jobbers joined programs by the 1980s.

Early programmed distributors formed to beat back retailers and get jobbers their share of the DIY market. We've used this quote before, but no one has ever summed it up better than Bob McKenna, president of NAPA, "We sat around with our heads in the sand and allowed retailers to have the retail market. It's just like the car companies were to blame for letting us have the repair market years ago. If we'd acted 10 years ago with the programs we have now in merchandising and advertising the retail chains would never have gotten a foot in the door. Now we have to go back and battle them for our share."

By and large the programs succeeded in making jobbers better retailers. However, they did not hurt retail chains as much as they hurt the independent jobber. Perhaps 10,000 jobbers were left out in the cold and more than 3,000 jobber stores closed in ten years. One could easily say that instead of fighting the chains, the programs simply displaced jobbers and WDs who did not join a program.

Our western WD avoided earlier groups because, he said, "They went to market doing everything for the jobber. They demanded and told him what to do. I didn't like that attitude. I don't own any stores, and I grew up on service to the jobber. I want to keep him independent." But, by the mid-1980s, he was in trouble. "I didn't control any distribution and that was the way our market was heading. Everybody was a two-stepper," he said.

In other words, everyone, at every level, was getting a better price. According to third generation program directors, the motivation to start the programs was simply price, price and price.

Gary Piper, who runs the IWDA (Independent Warehouse Distributors Association), Humble, TX, said, "I worked for a vendor and knew the extra things to be had, and I knew the customers weren't getting the deals." Piper said IWDA (Road Pro) now has 65 WDs, 1,300 jobbers who use IWDA as a "primary supplier," and $500 million in WD sales.

Bill Burns, president of IWDI (Auto Pride), New Haven, CT, said, "There was a caste system in place. One group of WDs had a better cost acquisition advantage. Some used it as an effective discount and some just passed it on the street. We formed initially as a buying group." IWDI has 120 WDs and 514 jobbers who have signed papers with IWDI.

At Federated, Staunton, VA, Rusty Bishop said there was kind of a race by WDs to get involved when Federated began in 1985 "Right about the time we got started, a few big manufacturers put together some attractive packages for groups. That encouraged people to join." Federated has 99 WDs and 2,368 jobbers in the program, Bishop said.

At Eagle Nation, Pearland, TX, Chuck Medlin, said, "Basically, other guys were getting better incentives and better pric-

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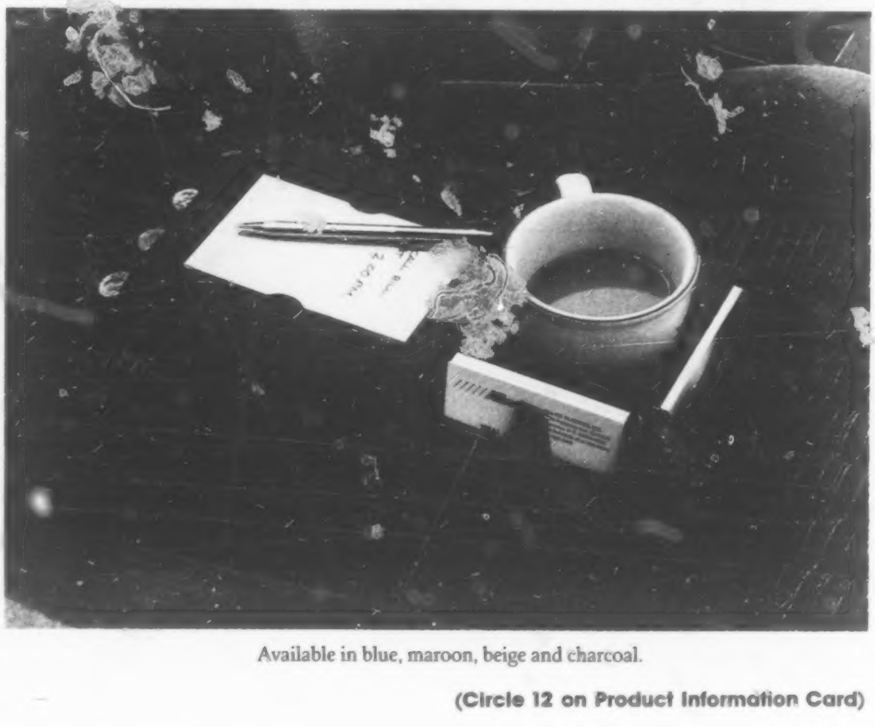

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ing. Other WDs found out they could get it by doing a group. You want the extra 5%, you have to have a group. It's the same scenario as when the WD system started in the 1940s. The manufacturers made the rules." Medlin said Eagle Nation has 141 WDs and 2,400 jobbers.

Everybody Involved

The four groups above claim about 6,500 jobbers. There are another half a dozen groups out there that claim at least that many again, although we are suspicious of some counts. For example, one group claims 15,000 jobbers. Even leaving out counts like that, by referring to several guides to program groups in jobber trade magazines we came up with roughly 1,000 WDs and 25,000 jobbers claimed as members. So, it seems obviou that very few jobbers are not involved with some group in some fashion. And, if so, that would suggest that virtually every WD or jobber is getting, or should be getting, some kind of special deal. Now is a deal a deal when everyone gets it?

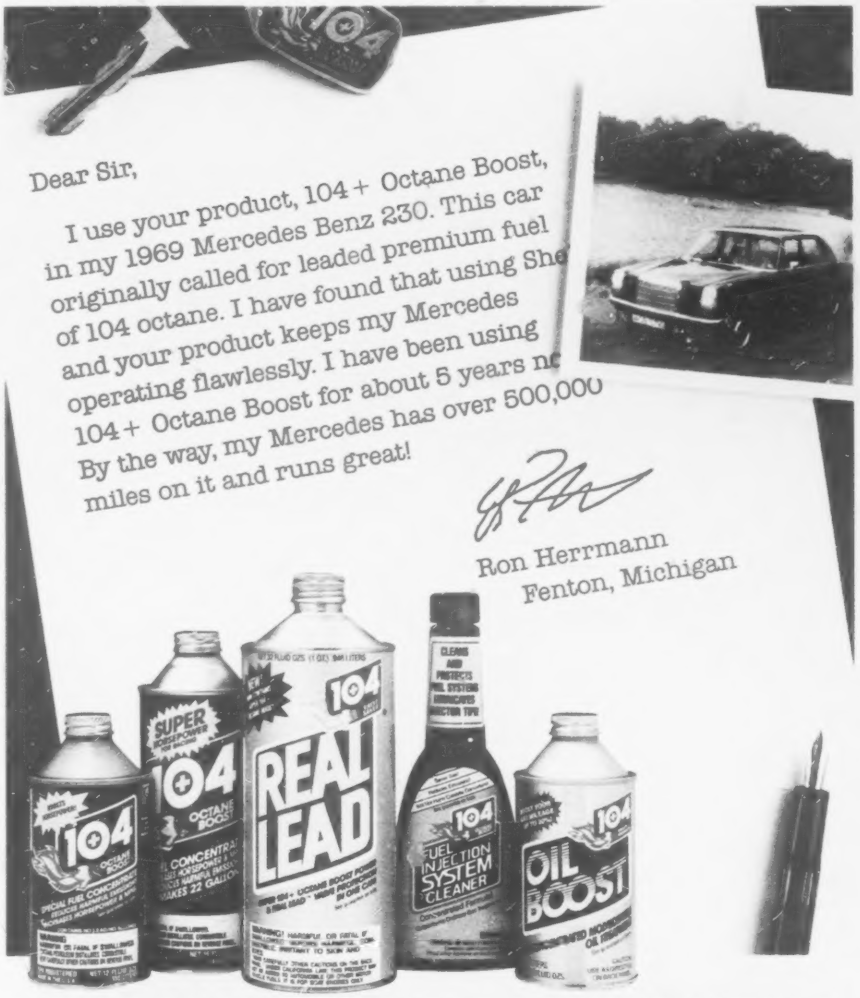
As the Western WD discovered, there are deals and there are deals. "We had 40-50 people in the group but a lot were little guys doing $2-3 million and because 40-50 people can never agree on one line we still didn't have enough volume to get the best discount. You split a line four ways and you don't have any volume."

Few third generation groups require members to have uniform lines. In most cases, the group office simply stamps a vendor as approved for the group and gives the vendor the right to sell to the group. "I tell our members," Medlin said at Eagle Nation, "use the group. Don't go off on your own. Ask if the line is an approved program. Basically, we try for two vendors in major lines. The manufacturer understands we can't sell 141 WDs. There are competitive territories. We approve the line and have the vendor sell it. Most of our members will not listen to non-approved vendors."

Most third generation programs simply supply approved vendors a list of WDs. IWDA's Piper laughed and agreed when we called it a hunting license. Vendors are expected to make concessions simply to get permission to sell a line. Down Mexico way it's called *mordida*.

While this is not a major problem, there are manufacturers starting to question what they are getting out of selling the groups. That has some serious implications for programs as Larry Anton, president of Larry Anton and Associates, Fort Worth, TX, who also manages the U.S. Performance program group in Fort Worth, pointed out: "Manufacturers were afraid not to play along with the groups for fear of losing business. [illegible] many began to offer longer deals and better terms in expectation of new business. But now manufacturers have given up points for no new business. Too many groups are only there for the best deal. Now manufacturers are going to demand performance in return for further concessions and a contractual agreement such as is customary in retail and mass markets. So it's the groups that can deliver on their promises and can demonstrate that they can do something for the manufacturer that will take distribution into the next phase."

Indeed, some WDs left new groups for older, established programs. The western WD said, "We felt the need for more of a total package. We were just selling price in the group. But we didn't have national advertising, Tech-Net, or a national warranty. Instead of selling price, I can sell jobbers a total package. You kind of feel like part of something. You kind of like to be looked at like a NAPA or Big A. That's



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And a southern WD said, "Instead of a little three by five foot sign that says we belong, we get a total package so we can compete with Carquest and Parts Plus. It's hard to put into words what the national exposure is worth. You want to advertise and be noted. You can't do that in a buying group. In the (buying group) all they wanted was a program to tie the jobbers to the warehouse: they didn't care if it made the jobbers competitive or not. If they got more jobbers, they could [illegible] better terms."

Helping The Jobbers

There's evidence that at least some of the new groups are moving in this direction. IWDI's Burns said, "We advocate helping the jobber. The jobber is the one getting squeezed out of the marketplace. The bottom line is, though, he serves a unique function. The installer needs parts and WDs don't offer hot shot delivery. That's what the jobber does. But that's often not where the discounts and extra funds are dedicated. Too often the funds just provide an opportunity for the WD to firm up some aspect of his business. Groups have to look at the short and long term. For the short term a buying group is fine, but long term you have to become a marketing group. You have to offer programs to the downstream customers. You have to give the jobber the opportunity to be a unique supplier with the best combination of parts and service. That's another tool to sell. It's not just price."

And Floyd Percy, who runs RPM, Roanoke, VA, with 16 members owning 238 stores, said his members originally formed for better buying. "But we've already moved on with excellent meetings. We've added a day to our meetings where we can talk about members' problems like employee spiffs, leases, advertising, store designs. When we put our members in a room, we have 800 years of aftermarket experience. Members can find solutions to their problems."

IWDA's Piper summed it up best: "For those guys who want to remain as a buying group, those days have passed with vendors."

While the days have passed with the vendors, the field is also more competitive for signing jobbers and WDs. "The times dictate stealing WDs and jobbers," the head of one group said. "With bankruptcies, downsizing and mergers, you have to continue to grow members just because of attrition. We're constantly prospecting."

And the head of one of the older groups is now coveting some of the better small jobbers that now belong to newer groups. "There is NAPA and APS and Carquest and Parts Plus. Those are the real programs with something to offer. All the others are really coops without consistent services. It all depends on the local WD. There're several thousand jobbers maybe only halfway to a real program. we may well be able to win some of them over."

So the jury is still out on the newest programs. There are about a dozen and maybe half will survive the next five years. The major groups are into vertical integration from WD to jobber to installer. For example, NAPA Autocare has 10,000 installer members. Just as the better jobbers went with programs in the 1970s, the better installers are going to lock in with NAPA, APS, Carquest, Parts Plus, or other such programs in the 1990s. The newer groups will have to play catch up in the 1990s. To survive, the feeling is, the newer groups will have to offer full services to jobbers to keep them competitive for wholesale customers. Can they do it? Time will tell. ■

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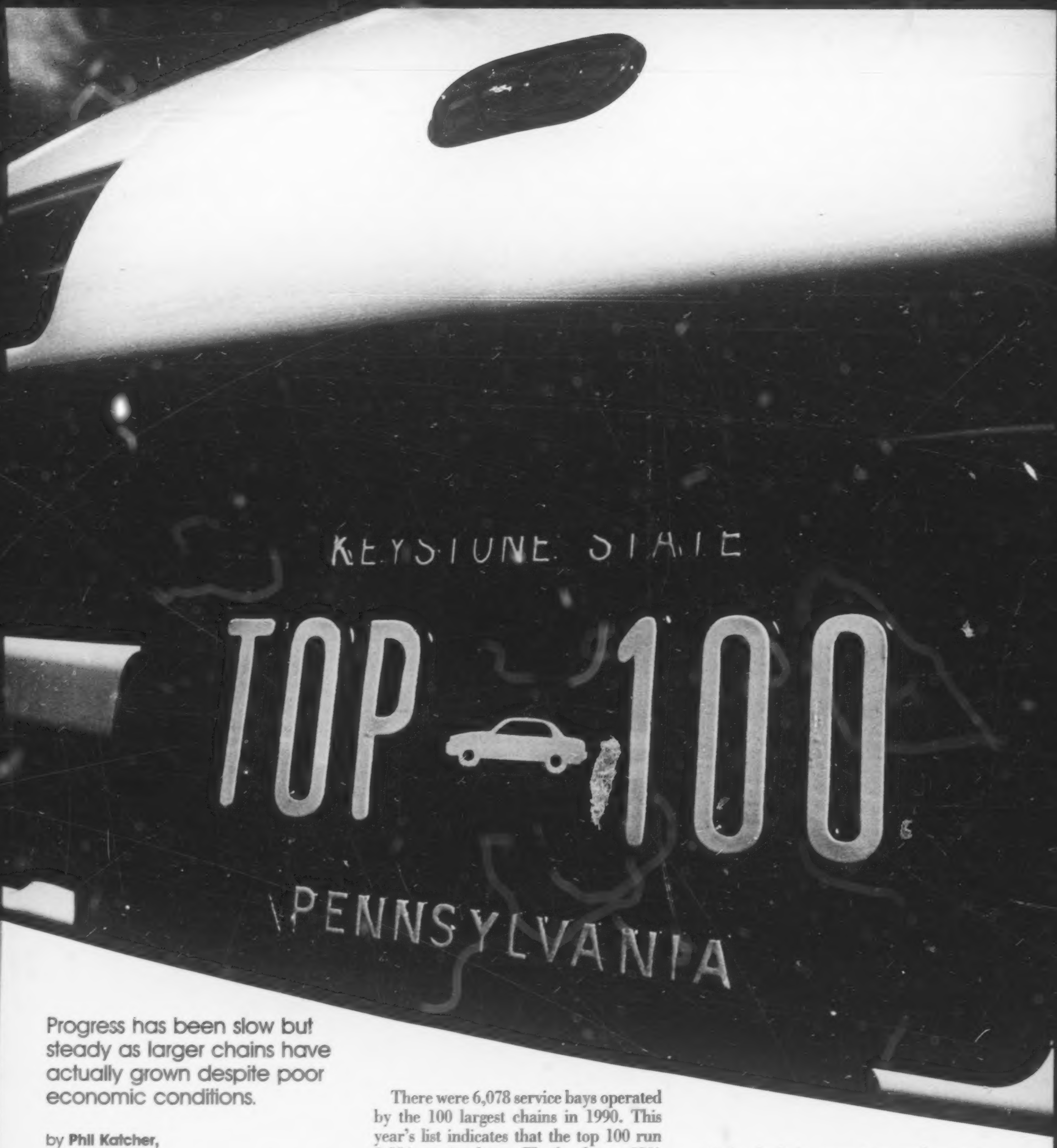

Progress has been slow but steady as larger chains have actually grown despite poor economic conditions.

by **Phil Katcher,**
Business Editor

There have been no revolutionary changes in our annual list of the 100 largest aftermarket chains—retail and jobber—since we published our last one in July 1990.

But, despite poor economic conditions, there are real signs of aftermarket growth across the boards when this year's list and last year's list are compared. There are 8,274 stores on this year's list, compared to 7,767 stores in 1990, a growth rate of almost 7%.

There were 6,078 service bays operated by the 100 largest chains in 1990. This year's list indicates that the top 100 run 7,556 service bays. That's almost 25% more bays opened during one year. What makes this especially interesting is that in 1990 we had to report a 3% *drop* in service bays as compared to the 1989 list.

Finally, sales, both reported and estimated, have risen from $8,432,791,000 to $9,269,355,000. That's a 10% growth during both a recession and an admittedly short-lived war.

As well, the list shows a continued trend towards a "merging market," where volume retailers and traditional jobbers are becoming more and more similar both in operations and appearance. For example, Motor Bearings & Parts, a traditional jobbing chain in North Carolina, reported that virtually none of its sales were retail last year, only 1%. This year, that number has grown to over a quarter of its sales, at 27%.

Major Personnel Changes

Some of the more interesting changes seen when comparing the 1990 Top 100 list to this year's are those involving chief executive officers.

- Edward Szydlik replaced Julius Trump

as CEO at the largest chain, Northern Automotive.

- Szydlik himself was replaced as CEO at Trak Auto by Herbert Haft.
- Michael Tembreull is now the CEO at PACCAR, replacing John Willingham, who himself was new to the 1990 list. PACCAR owns Grand Auto and Al's Auto Supply on the Pacific Coast.
- Alfred Woods, who had been president of R&S/Strauss, a Whitlock division, was named CEO of Whitlock itself. Dean Haulton held that position in 1990.
- Dene Billbe is the new CEO at an enlarged Champion Auto Stores which recently acquired the Crown chain from Northern Automotive.
- R. Jack Alexander III is the CEO at Alexander Seewald's Parts City. Andy Moye held that post on last year's list.
- John Kennedy is the CEO at ITM Automotive Parts; Ed Lynch had been listed in that position last year.
- Ken Himel has taken over the CEO position at the family-owned Himel Auto Parts/Motor Supply conglomerate.
- Milo Allen is CEO at Arnold Motor Supply, the 85th ranked chain. Garlan Odor had been listed in that position last year.

Adding Programmed Distributors

There were, as well, a number of organizational changes between when we published our Top 100 list last year and this year. One obvious one to anyone simply scanning the list of company names, and noting all those small footnote numbers, is the growth of the number of chains which are members of one programmed distribution or buying group or another. Almost half (46%) of the hundred largest aftermarket chains belong to some such group. Last year, we reported only 27% of the chains on the list as belonging to such a group.

The groups to which the top hundred chains belong include AAAD/Parts Plus, AAMUSA, All Pro, APA Management Group, Auto Sure, Auto Value, Big A, Bumper to Bumper, Carquest, Eagle Nation, Federated Auto Parts, IWDA/Road Pro, NAPA, Parts Plus, Pronto, and RPM.

Other changes involved the companies themselves. For example, Straus-Frank, which was the 21st largest chain on last year's list, was renamed Strafco.

The largest chain on the list, Northern Automotive, which operates a number of chains such as Checker, Kragen, and Shuck's, sold off its Crown Auto to Champion, in Minnesota. Therefore, its total number of stores dropped dramatically, although only by 3% since the chain is so large. However, the Crown stores had service bays, which the other Northern chains lacked, and hence the move made sense to top management at Northern.

Some changes related to the economy and frankly weren't positive. A.I. Automotive, the Kuwaiti-owned conglomerate which had 60 stores on last year's list, doesn't appear on this year's list. It wasn't the Middle-East war, but the economy, that has caused that organization problems and caused it to close and sell off many of its stores.

Chains in places hard hit by the recession, such as the auto-making state of Michigan, have had hard times. Michigan's Fox Group, which operates stores under the names of Short's Auto Parts, All-Parts Automotive, and Tony's Parts & Accessories, has been shuttering a number of stores over the past several years and now has 14 stores in its chain. Another Michigan chain, Action Auto, which had been a rapidly rising star in the aftermarket, continued closing stores, slipping from spot number 32 last year to 35 on this year's list.

But, they're not as bad off as the 15 chains on the list of some 400 chains we contact annually to produce this report. They could not be reached by mail or telephone, apparently casualties of the recession of 1990/91. ■

THE 1991 *AM* LARGEST 100 AFTERMARKET CHAINS

Rank	Chain	# of Stores	# of Bays	$ Sales (+000)	CEO	Address and Phone	% of DIY
1.	Northern Automotive [1]	801	0	707,000*	Edward Szydlik	645 Missouri Ave., Suite 400, Phoenix, AZ 85012 (602) 265-9200	95%
2.	Genuine Parts [28]	616	0	616,000	Tom Gallagher	2999 Circle 75 Pkwy., Atlanta, GA 30339 (404) 953-1700	30%
3.	AutoZone	570	0	670,000	Peter Formanek	3030 Poplar Ave., Memphis, TN 38111 (901) 325-4600	95%
4.	Chief Auto Parts Inc.	522	5	461,000*	Mike Manor	15303 Dallas Pkwy, Ste 800, Dallas, TX 75248 (214) 404-1114	95%
5.	Western Auto	517 [2]	3,185	1,310,000*	John T. Lundegard	2107 Grand Ave., Kansas City, MO 64108 (816) 346-4000	95%
6.	Trak Auto	335	0	293,075	Herbert H. Haft	3300 75th Ave., Landover, MD 20785 (301) 731-1200	95%
7.	The Pep Boys	313	2,400	884,674	Mitchell G. Leibovitz	3111 W. Allegheny Ave., Philadelphia, PA 19132 (215) 229-9000	99%
8.	Nationwise Automotive, Inc.	300	400	290,000*	Saul Levy	3750 Courtright Ct., Columbus, OH 43227 (614) 239-1111	95%
9.	Advance Stores Co.	211	0	200,000*	Nicholas Taubman	1342 West Eighth, Roanoke, VA 24015 (703) 345-4911	99%
10.	Fisher Auto Parts [25]	181	0	140,000	Art Fisher	512 Greenville Ave., Staunton, VA 24401 (703) 885-8901	20%
11.	Parts Inc. [4]	180	0	159,000*	Mike Ormiston	601 S. Dudley, Memphis, TN 38104 (901) 523-7711	35%
12.	Super Shops	162	385	200,000	Harry Eberlin	620 Newport Center Dr., Ste 860, Newport Beach, CA 92660 (714) 644-9900	95%
13.	Discount Auto Parts, Inc.	150	0	132,000*	Denis L. Fontaine	4900 Frontage Rd. South, Lakeland, FL 33802 (813) 687-9226	99%
14.	PACCAR [5]	130	600	226,000	Mike Tembreull	1400 North 4th St., Renton, WA 98055 (206) 251-7600	93%
15.	Sieg Auto Parts	121	0	142,000*	Madis Sulg	500 Iowa St., POB 4230, Davenport, IA 52808 (319) 323-3641	5%
16.	Whitlock [3]	121	0	107,000*	Alfred Woods	1375 Mt. Prospect Rd., Des Plaines, IL 60018 (708) 699-5040	95%
17.	APS (Big A Auto Parts) [19]	117	0	134,000*	Richard J. Spelleri	3000 Pawnee St., Houston, TX 77054 (713) 741-2470	33%
18.	O'Reilly Automotive (Ozark) [18]	115	0	93,000	Charles O'Reilly	233 S. Patterson, Springfield, MO 65802 (417) 862-3333	50%
19.	HI/LO Auto Supply Companies	108	0	142,500	T. Michael Young	8601 Tavenor Lane, Houston, TX 77075 (713) 991-6052	78%
20.	General Parts [21]	102*	0	75,000*	Temple Sloan	2635 Millbrook Rd., Raleigh, NC 27604 (919) 876-9813	20%
21.	Rose Auto Stores (Whitlock)	100	0	88,000*	Don Goodman	4760 NW 165th St., Hialeah, FL 33014 (305) 625-7786	95%
22.	Strafco Inc. [21]	94	35	75,000	David Straus	POB 600, San Antonio, TX 78292 (512) 226-0101	30%
23.	Republic Auto	80	0	40,000	Keith Thompson	POB 2088, Brentwood, TN 37024 (615) 373-2050	40%
24.	ADAP (Rite Aid)	79	0	72,726	Wayne Yodzio	660 Bodwell St., Ext. Avon, MA 02322 (617) 587-8400	99%
25.	R&S/Strauss (Whitlock)	76	168	107,000*	Alfred Woods	1835 Burnet Ave., Union, NJ 07083 (201) 686-8200	95%

* Automotive Marketing estimate for 1991.

[1] Includes Checker/Schuck's/Kragen, Auto Works, U-Save, and Crown Auto

[3] Includes Giant Auto, Motormart, National Auto, and Strum Auto

[4] Includes National Automotive Superstores, Save Auto Stores

[5] Includes Al's Auto Supply and Grand Auto

[18] A member of the Autovalue (Springfield, MO) programmed distribution group

[19] A member of the Big A (Houston, TX) programmed distribution group

[21] A member of the Carquest (Tarrytown, NY) programmed distribution group

[25] A member of the Federated Auto Parts (Staunton, VA) programmed distribution group

[28] A member of the NAPA (Atlanta) programmed distribution group

CALIFORNIA
TOP 100
The Golden State

THE *AM* TOP TEN RETAIL CHAINS

(Chains doing 90% or more retail/DIYer sales, based on their reported number of stores; showing their place on Top 100 list.)

List #	Chain	100 List #	% DIY	Address
1.	Northern Automotive	1	95%	645 Missouri Ave., Suite 400, Phoenix, AZ 85012
2.	AutoZone	3	95%	3030 Poplar Ave., Memphis, TN 38111
3.	Chief Auto Parts Inc.	4	95%	15303 Dallas Pkwy, Suite 800, Dallas, TX 75248
4.	Western Auto	5	95%	2107 Grand Ave., Kansas City, MO 64108
5.	Trak Auto	6	95%	3300 75th Ave., Landover, MD 20785
6.	The Pep Boys	7	99%	3111 W. Allegheny Ave., Philadelphia, PA 19132
7.	Nationwise	8	95%	3750 Courtright Ct., Columbus, OH 43227
8.	Advance Stores Co.	9	99%	1342 W. Eighth, Roanoke, VA 24015
9.	Super Shops	12	95%	620 Newport Center Dr., Suite 860, Newport Beach, CA 92660
10.	Discount Auto Parts	13	99%	4900 Frontage Rd. South, Lakeland, FL 33802

TOP RETAIL CHAINS

One proof of the relative quiet among volume retailers specializing in the aftermarket DIY trade is the little change among the top retailers this year as opposed to last. The 1991 top retail chain list is virtually the same as that published in 1990. The only changes are Nationwise and Pep Boys switching places, for the third time in as many years, and Discount Auto Parts moving up and overtaking PACCAR to take the last place in the list.

It's now been five years that we have been tracking the top retailing chains in the country. And, one can spot a great number of changes in that list over those past five years. The original list of June 1987 included:

1. Checker/Shuck's/Kragen: 480 stores
2. Chief Auto Parts: 465 stores
3. Auto Shack: 355 stores
4. Otasco: 267 stores
5. Western Auto: 251 stores
6. Auto Works: 236 stores
7. Trak Auto: 212 stores
8. The Pep Boys: 180 stores
9. Nationwise: 178 stores
10. Steego Auto Parts: 147 stores

In all, the top ten operated 2,593 stores five years ago. Only half a decade later, the ten largest volume retail chains operate 3,901 stores, an increase of some 50%.

Among other changes from 1987, Checker/Shuck's/Kragen is now a part of Northern Automotive. Auto Shack, under pressure from Radio Shack, became AutoZone. Otasco and Auto Works, owned by Perry Drugs, have folded, and Steego is now Parts Depot/Steego.

Later, the Ward White Group made the top ten list, in 1989 being listed as the seventh largest aftermarket volume retail chain. When Ward White sold its stores and they began to be operated as three autonomous chains, Whitlock, Rose, and R&S/Strauss, we began listing them separately.

It is also interesting that while most volume retailers don't operate service bays, half of the ten largest chains indeed offer professional repair and installation. This is down from six last year, following the sale of Crown stores to Champion by Northern Automotive. The rest obviously are aware of the large "do-it-for-me" market that exists in America today. ■

Rank	Chain	# of Stores	# of Bays	$ Sales (+000)*	CEO	Address and Phone	% DIY
26.	Advantage Auto Stores (Hahn) [18]	72	0	83,000*	Mike Fuleman	415 W. Main St., Rochester, NY 14608 (716) 235-1595	40%
27.	Crow-Burlingame	72	0	34,000	Fletcher Lord, Jr.	520 W. Capitol, Box 111, Little Rock, AR 72203 (501) 372-5275	25%
28.	Parts Depot/Steego Auto Parts	72	0	64,000*	Rollance Olson	2177 Dale Ave., Roanoke, VA 24013 (703) 345-1001	40%
29.	Hi-Gear Tire & Auto Supply	63	0	56,000*	Stan Love	110 Ritchi Rd., Capitol Heights, MD 20743 (301) 336-3000	95%
30.	Quality Stores	61	100	54,000*	John L. Hill	1460 Whitehall Rd., North Muskegon, MI 49445 (616) 744-2491	95%
31.	Forest City Auto Parts Co., Inc.	51	0	65,000	Arnold Bellowe	25201 Chagrin Blvd., Ste 350, Beachwood, OH 44122 (216) 292-2525	90%
32.	Brooks Auto Parts/Supply [28]	51	0	59,000*	Elton D. Brooks, Jr.	402 S. Peterson Ave., Douglas, GA 31533 (912) 384-7818	45%
33.	Kentucky Motor Service (KOI) [25]	50	0	57,000*	Anthony W. Nellner	POB 395, Covington, KY 41011 (606) 431-6025	30%
34.	Big Bear Stores	46	0	41,000*	Jerry Hammerel	640 54th Ave. N., St. Cloud, MN 56301 (612) 251-9000	95%
35.	Action Auto [7]	45	18	40,000*	Dick Sabo	2128 S. Dort Hwy, Flint, MI 48507 (313) 235-5600	95%
36.	Valley Motor Supply [20]	45	0	40,000*	Allen Dedman	2635 S. Belknap Ave., Billings, MT 59107 (406) 259-4577	50%
37.	Champion Auto Stores	42 [7]	160	100,000	Dene E. Billbe	5520 N. U.S. Highway 169, New Hope, MN 55428 (612) 535-5984	95%
38.	Big Wheel Auto/Rossi Stores [32]	40	0	27,000	R.B. Shaller	2300 P. Lot Knob Rd., Mendota Heights MN 55120 (612) 452-7484	95%
39.	Ace Auto Parts [17]	40	0	46,000*	Thomas D. Cox	4750 118th Ave., N., Clearwater, FL 34622 (813) 573-2800	45%
40.	Murray's Discount Auto Stores	40	0	35,000*	Albert Pitt	21500 Trolley Ind. Dr., Taylor, MI 48180 (313) 292-2800	90%
41.	Pettigrew-Smith/Dale's [26]	37	0	33,000*	Bob Merrill	8119 Jensen Dr., Houston, TX 77093 (713) 695-3613	95%
42.	Taylor Parts, Inc. (TPS) [13]	36	0	55,000	James M. Taylor II	208 E. 3 Notch St., Andalusia, AL 36420 (205) 222-6534	40%
43.	Anderson Auto Parts [28]	35	0	21,000	H.G. Anderson III	POB 767, Anderson, SC 29622 (803) 224-6321	50%
44.	Main Auto Parts	35	0	30,000*	Bart Weprin	1422 N. Main, Dayton, OH 45405 (513) 277-7393	20%
45.	The Carport (Harco Drug)	34	0	19,890	David Fuhrman	3925 Rice Mine Rd., Tuscaloosa, AL 35406 (205) 345-2400	85%
46.	Davis & Wilmar [28]	33	4	19,500	Gary Davis	609 Epsilon Dr., Pittsburgh, PA 15238 (412) 963-7776	35%
47.	Worldwide Auto Parts, Inc.	33	7	19,000	Jim Foos (COO)	87 Brooklyn Ave., Youngstown, OH 44507 (216) 782-2204	95%
48.	Northern Auto Supply Co. [30]	32	0	19,000	Don Komis	1906 N. Peach St., Marshfield, WI 54449 (715) 384-2124	25%
49.	Keenan Auto Parts [20]	32	0	37,000*	Frank Ahouse	112 N. Front St., Albany, GA 31703 (912) 432-6241	5%
50.	Benny's	29	12	25,000	Malcolm C. Bromberg	340 Waterman Ave., Esmond, RI 02917 (401) 231-1000	95%

[*] Automotive Marketing estimate for 1991.
[7] Includes company-owned stores only; with franchises total is much greater
[13] A member of the All Pro (Andalusia, AL) programmed distribution group
[18] A member of the Autovalue (Springfield, MO) programmed distribution group
[20] A member of the Bumper to Bumper (New York) programmed distribution group
[25] A member of the Federated Auto Parts (Staunton, VA) programmed distribution group
[26] A member of the IMDA/Road Pro (Houston) programmed distribution group
[28] A member of the NAPA (Atlanta) programmed distribution group
[30] A member of the Pronto (Springfield, IL) programmed distribution group
[32] A member of the RPM (Roanoke, VA) buying group

NEW YORK
TOP 100

TOP REPORTED SALES

Every year we limit our list of chains with the top sales to those which actually report their gross sales either because they're public or they chose to provide us with that information. Of course, many major chains, which would probably be on this list, are closely held and decline to release that information. Who does and doesn't varies widely.

For example, Western Auto chose to report its sales to us last year and was the top revenue producer in last year's list. This year, they chose to keep that figure confidential.

Largely due to the loss of Western's figures and the poor economy, the overall figure of $3,184,749,000 in gross sales produced by the ten on the 1991 list is smaller than the $4,654,791,000 in gross sales listed in 1991.

However, the chains on this year's list and last year's did post gains individually. The Pep Boys went up from $798,691,000 in 1990 to $884,674,000 this year. Genuine Parts went from $500,000,000 last year to $616,000,000. Trak Auto went from $275,700,000 to $293,075,000. Super Shops went from $180,000,000 to $200,000,000. Super Shops also appears on the list of the ten fastest growing chains among the top 100 chains. And, HI/LO went from $113,700,000 to $142,500,000.

On the whole, too, among chains that did report their actual sales, they say that sales, when divided by the number of stores they operate, have risen. In 1990's list, each store generated roughly a half a million dollars in sales. This year, each store brought in some $880,000 in sales. Chains with higher retail sales reported lower overall stores than traditional market jobber chains.

At the same time, Action Auto, which ran into serious financial problems in 1990/91, dropped off the top ten revenue producing list in 1991.■

THE *AM* TOP TEN CHAINS REPORTING ACTUAL SALES

(Based on sales figures provided by each chain, in thousands of dollars.)

List #	Chain	100 List #	Sales	Address
1.	The Pep Boys	7	884,674	3111 W. Allegheny Ave., Philadelphia, PA 19132
2.	AutoZone	3	670,000	POB 2088, Brentwood, TN 37024
3.	Genuine Parts	2	616,000	2999 Circle 75 Pkwy., Atlanta, GA 30339
4.	Trak Auto	6	293,075	3300 75th Ave., Landover, MD 20785
5.	Super Shops	12	200,000	620 Newport Center Dr., Ste 860, Newport Beach, CA 92660
6.	HI/LO	19	142,500	8601 Tavenor, Houston, TX 77067
7.	Fisher	10	110,500	512 Greenville Ave., Staunton, VA 24401
8.	Champion	37	100,000	5520 N. U.S. Highway 169, New Hope, MN 55428
9.	O'Reilly Automotive	18	93,000	233 S. Patterson, Springfield, MO 65802
10.	Stratco	22	75,000	POB 600, San Antonio, TX 78292
	TOTAL SALES		$3,184,749	

Rank	Chain	# of Stores	# of Bays	$ Sales (+000)*	CEO	Address and Phone	% DIY
51.	Twin "B" Auto Parts [32]	28	0	15,000	William O'Connor	528 S. Military Hwy., Virginia Beach, VA 23464 (804) 420-3342	99%
52.	Ben Pilla Speed Shops	28	2	11,890	Ben Pilla	118 N. Black Horse Pike, Bellmawr, NJ 08031 (609) 931-4041	95%
53.	Linkon's Auto Supply	28	0	25,000*	Leonard Linkon	2720 E. 2nd St., Centralia, IL 62801 (618) 533-1311	50%
54.	Wheels Discount Auto Stores (Fay Drugs)	28	0	25,000*	Gale Mitchell	4577 Buckley Rd., Liverpool, NY 13088 (315) 652-7000	95%
55.	Barnes Motor & Parts Co. Inc. [14]	27	0	24,000	Robert E. Kirkland, Jr	315 E. Barnes St., Wilson, NC 27893 (919) 243-2161	25%
56.	Automotive One Parts Stores [29]	27	0	17,000	Robert H. Gentry III	701 W. Church St., Orlando, FL 32802 (407) 422-1110	45%
57.	J. Burdman Auto Parts	27	0	5,000	Bernard Burdman	801 N. Franklin St., Kirksville, MO 63501 (816) 665-3787	15%
58.	Parts City, Inc. (Alex. Seewald) [17]	26	0	13,000	R. Jack Alexander, III	515 Wharton Circle, S.W., Atlanta, GA 30318 (404) 352-0146	99%
59.	Cardis [7] [21]	25	0	61,600	Ken Walker	12950 E. Alondra Blvd., Cerritos, CA 90701 (213) 926-4492	45%
60.	ITM Automotive Parts	25	0	26,000	John Kenney	13140 Alondra Blvd., Cerritos, CA 90701 (213) 926-6583	35%
61.	One Stop Auto Parts	24	0	14,000	Gerald Klein	1113 62nd Ave. N., St. Petersburg, FL 33702 (813) 522-2897	90%
62.	Motor Bearings & Parts Co. [11] (CJS Inc.)	24	0	12,000	Bill White	427 S. Dawson St., Raleigh, NC 27602 (919) 832-3961	27%
63.	Bennett Auto Supply, Inc. [18]	23	0	24,000	Allen Bennett	3869 N. Dixie Hwy., Oakland Park, FL 33334 (305) 565-4636	50%
64.	SAS Auto Parts Co.	23	0	20,000	George Segal	129 Manchester St., Concord, NH 03301 (603) 225-4000	25%
65.	Allied Auto Parts Co. [30]	23	0	14,000	Daniel Sennet	43 N. Montello St., Brockton, MA 02401 (508) 588-8500	30%
66.	Himel Auto Parts/ Motor Supply [29]	23	0	26,000*	Ken Himel	1215 E. Main, New Iberia, LA 70560 (318) 364-7201	30%
67.	BWP [7] [21]	23	0	26,000*	Neil Stokel	1055 Bronx River Ave., Bronx, NY 10472 (212) 991-9000	1%
68.	Kirkham Auto Parts [18]	23	0	20,000*	Michael Kirkham	POB 718, Blackfoot, ID 83221 (208) 785-2902	50%
69.	688 Parts Service, Inc. [30]	22	0	12,000	George E. Tricou Jr.	9126 Green Springs Rd., Baton Rouge, LA 70814 (504) 924-6888	25%
70.	Acme Auto Supply, Inc. [18]	21	0	20,000	James Fine	620 R. Oakwood Ave., West Hartford, CT 06110 (203) 246-2540	30%
71.	Beacon Auto Parts Co.	21	0	20,000	Fred J. Pisciotta	911 Lowry Ave., Jeannette, PA 15644 (412) 527-5612	30%
72.	Foreign Autoparts	21	0	18,500	Steve Palkin	1205 Route One, Sharon, MA 02067 (617) 784-1111	70%
73.	Giant Auto Parts	21	0	18,500*	Robert Levy	2236 S. Hamilton Ave., White Hall, OH 43232 (614) 864-3811	30%
74.	VIP Discount Auto [32]	20	69	20,500	Thomas O. Auger	12 Lexington St., Lewiston, ME 04240 (207) 784-5423	99%
78.	Royal Auto Supply	20	0	15,000	Jon Slenn	Twin Park Industrial Center, Colmar, PA 18915 (215) 822-1359	95%

* Automotive Marketing estimate for 1991.

[7] Includes company-owned stores only; with franchises total is much greater

[11] A member of the AAAD/Parts Plus (Memphis, TN) programmed distribution group

[14] A member of the APA Management Group (Mission, KS) programmed distribution group

[17] A member of the Auto Sure (Atlanta, GA) programmed distribution group

[18] A member of the Autovalue (Springfield, MO) programmed distribution group

[21] A member of the Carquest (Tarrytown, NY) programmed distribution group

[29] A member of the NAPA (Atlanta) programmed distribution group

[30] A member of the Pronto (Springfield, IL) programmed distribution group

[32] A member of the RPM (Roanoke, VA) buying group

KEYSTONE STATE
TOP 100
PENNSYLVANIA

CHAINS WITH SERVICE

There has been a tremendous growth in the number of service bays the ten largest chains which offer professional installation and repair operate in 1991 as opposed to 1990. Last year, the ten largest chains operated 5,983 bays; this year they operate 7,502 bays. This is a growth of 1,519 bays, a 25% increase in just one year.

Leading the growing chains has been Western Auto, which jumped from 1,489 bays in 1990 to 3,185 bays this year. These bays are located not only in Western stores, but also its tire store subsidiaries.

Other chains have continued to add bays. Nationwise added over 50 bays to its stores throughout 1990 and early 1991. Super Shops added another 35 bays.

As well, Champion Auto was the tenth largest chain with service in 1990, operating 80 bays. Since then, however, the company has purchased the stores operated as Crown Auto from Northern Automotive, which as gotten out of the service business. Champion now runs twice as many bays as it did a year ago.

Indeed, the big story among chains with professional service over the past 12 months has been the sale of Crown. In last year's top ten service providers list, Northern Automotive was listed with 150 service bays—all Crown operations. Although it appears to run counter to the trend of serving "do-it-for-me'ers", Northern has decided to concentrate strictly on the DIY, volume retail market.

Besides Northern, Action Auto has been dropped from the list. Although it still operates service bays, the chain, which has restructured to solve its financial woes, now only operates 18 bays, compared to the 300 it ran in its salad days last year. ■

THE *AM* TOP TEN SERVICE PROVIDERS
(Based on number of service bays operated by each chain.)

List #	Chain	100 List #	Svc Bays	Address
1.	Western Auto	5	3,185	2107 Grand Ave., Kansas City, MO 64108
2.	The Pep Boys	7	2,400	3111 W. Allegheny Ave., Philadelphia, PA 19132
3.	PACCAR	14	600	1400 N. 4th St., Renton, WA 98055
4.	Nationwise	8	400	3750 Courtright Ct., Columbus, OH 43227
5.	Super Shops	12	385	620 Newport Center Dr. Ste 860, Newport Beach, CA 92660
6.	R&S/Strauss	25	168	1835 Burnet Ave., Union, NJ 07083
7.	Champion Auto	37	160	5520 N. U.S. Highway 169, New Hope, MN 55428
8.	Quality Stores	30	100	1460 Whitehall Rd., North Muskegon, MI 49445
9.	VIP Discount	74	69	12 Lexington St., Lewiston, ME 04240
10.	Strafco	22	35	POB 600, San Antonio, TX 78292
	TOTAL BAYS		**7,502**	

Rank	Chain	# of Stores	# of Bays	$ Sales (+000)*	CEO	Address and Phone	% DIY
76.	Sturdevant's Inc. [30]	20	1	14,000	Jack Sturdevant	POB 948, Sioux Falls, SD 57101 (605) 336-0678	30%
77.	Gatling's Auto Stores [24]	20	5	9,000	Albert C. Premus	117 W. Peach St., Connellsville, PA 15425 (412) 628-3340	90%
78.	Automyte [30]	20	0	4,000	David Stucky	POB 578, Hemingway, SC 29554 (803) 558-3914	50%
79.	Erlich/Airland Auto Parts [11]	20	0	18,000*	Herbert August	POB 277, Albany, NY 12202 (518) 449-1176	40%
80.	Performance Centers of America	20	0	18,000*	Donald R. Raleigh	180 Whitman Ave., Edison, NJ 08817 (201) 287-5200	95%
81.	All State 1 [26]	20	0	17,000*	Warren Morgan	3131 N. I-10 Service Rd., Metairie, LA 70002 (504) 834-5500	80%
82.	The Flowers Co. [13]	19	0	12,000	John R. Flowers	POB 1118, Hickory, NC 28603 (704) 322-5414	40%
83.	Rodefeld's [30]	19	0	12,000	Charles A. Rodefeld	96 W. Main, Richmond, IN 47374 (317) 935-7626	50%
84.	Loe's Parts Plus Autostores [11]	19	0	10,000	John Loe	401 NE Front St., DeKalb, TX 75559 (903) 667-2541	40%
85.	Arnold Motor Supply [16]	19	0	22,000*	Milo Allen	110 W. 4th, POB 5008, Spencer, IA 51301 (712) 262-4287	20%
86.	Interstate Auto [25] (Fisher)	19	0	22,000*	J. Lon Schuster	311 E. Dixie, Elizabethtown, KY 42701 (502) 765-6183	30%
87.	Molin Auto [11]	18	0	20,500*	Carl E. Molin	3896 Union Rd., Buffalo, NY 14225 (716) 633-4455	15%
88.	Auto Parts World	18	0	16,000*	Andrew Dabrowski	1176 W 14 Mile Rd., Clawson, MI 48017 (313) 288-0845	90%
89.	Byrd's Auto [28]	18	0	16,000*	Stan Byrd	262 N. Main St., Burlington, NC 27215 (919) 226-0244	10%
90.	Von Housen Auto Parts	17	0	12,000	Robert Neeley	10057 Mills Station Rd., Sacramento, CA 95827 (916) 362-0691	50%
91.	H.E. Everson Auto	17	0	8,000	Kirk Sand	2904 Gateway Dr., Grand Forks, ND 58201 (701) 772-4839	25%
92.	Acme Auto (Amalgamated)	17	0	19,000*	Kurt J. Myers	1731 S. 19th St., Harrisburg, PA 17104 (717) 939-7893	20%
93.	National Auto Supply [25]	17	0	19,000*	Clifford Shanfeld	8514 Eager Rd., St. Louis, MO 63144 (314) 968-8511	5%
94.	O.K. Auto Supply Co. [14]	17	0	19,000*	William Larson	605 Elm St., Ispheming, MI 49849 (906) 485-5181	20%
95.	Parker Auto Supply	17	0	15,000*	W.W. Parker	POB 760, Sumter, SC 29151 (803) 775-6721	10%
96.	Morgan Auto	16	0	9,000	Jay Morgan	817 Mortontown Ave., Fairmont, WV 26554 (304) 366-3860	25%
97.	Brittain Brothers [28]	16	0	11,500*	Robert Saunders	POB 25821, Oklahoma City, OK 73125 (405) 235-1785	30%
98.	Fair Auto Supply	15	0	15,000	John DeMattia	760 Lordship Blvd., Stratford, CT 06497 (203) 375-3643	10%
99.	AEW (DAPS) [12]	15	0	15,000	Martin Sharron	604 N. Pace Blvd., Pensacola FL 32505 (904) 434-6484	75%
100.	Hedahls Automotive Center	15	4	15,000	Dick Hedahl	POB 1038, Bismarck, ND 58502-1038 (701) 223-8393	20%
Total		8,274	7,556	9,269,355*			

[*] Automotive Marketing estimate for 1991.
[11] A member of the AAAD/Parts Plus (Memphis, TN) programmed distribution group
[12] A member of the AAMUSA programed distribution group
[13] A member of the All Pro (Andalusia, AL) programmed distribution group
[14] A member of the APA Management Group (Mission, KS) programmed distribution group
[16] A member of the Autovalue (Springfield, MO) programmed distribution group
[24] A member of the Eagle Nation (Pearland, TX) programmed distribution group
[25] A member of the Federated Auto Parts (Staunton, VA) programmed distribution group
[26] A member of the IWDA/Road Pro (Houston) programmed distribution group
[28] A member of the NAPA (Atlanta) programmed distribution group
[30] A member of the Pronto (Springfield, IL) programmed distribution group

THE *AM* TEN FASTEST GROWING CHAINS, 1990-1991

(The fastest growing chains, in terms of total stores listed in the July 1990 Top 100 list and this list.)

#	Chain	1990 List #	1991 List #	1990 Stores	1991 Stores	Total Growth	% Growth
1.	Keenan	64	49	22	32	10	45%
2.	Advance	10	9	170	211	41	24%
3.	Fisher	11	10	150	181	31	21%
4.	Discount	14	13	125	150	25	20%
5.	Murray's	44	40	34	40	6	18%
6.	Super Shops	12	12	145	162	17	12%
7.	Rodefeld's	94	83	17	19	2	12%
8.	Republic	26	23	72	80	8	11%
9.	Big Wheel	40	38	36	40	4	11%
10.	Rose	22	21	90	100	10	10%

FASTEST GROWING CHAINS

Despite generally poor economic conditions throughout the industry, some chains have recorded double-digit growth during the past 12 months. This marks the second year in a row that some of these companies have been listed with the ten fastest growing chains.

Advance Auto, in Roanoke, VA, added 20 stores between 1989 and 1990, giving it a 13% growth rate and ending up in the number two spot in the 1990 list. It's still in the number two spot this year, with its 41 new stores. Some of these stores had been Crazy Joe's stores in 1989.

Super Shops was in the tenth spot in 1990 with a 4% growth rate. This year, it expanded with 12% more stores in 1991 than in 1990. ■

JOBBER CHAINS

While it is true that the number of chains that have crossed over from one segment of the aftermarket to another has been steadily increasing, a number of major players have remained strictly traditional. Indeed, the ninth largest aftermarket chain, Fisher, up from the number 11 spot last year, does 80% of its business wholesale and has shown no interest in retail business since it was founded in 1929. Indeed, Motor Bearings & Parts says it does virtually no retail business at all.

Generally, there has been little change between this year's top ten jobber chain list and that published last year. ■

THE *AM* TOP TEN JOBBER CHAINS

(Chains doing 75% or more wholesale sales; showing place on Top 100 list.)

List #	Chain	100 List #	% Whsle	Address and Phone
1.	Fisher Auto Parts	10	80%	512 Greenville Ave., Staunton, VA 24401 (703) 885-8901
2.	Sieg Auto Parts	15	95%	500 Iowa St., POB 4230, Davenport, IA 52808 (319) 323-3641
3.	General Parts	20	80%	2635 Millbrook Rd., Raleigh, NC 27604 (919) 876-9813
4.	Crow-Burlingame	27	75%	520 W. Capital, Box 111, Little Rock, AR 72203 (501) 372-5275
5.	Main Auto Parts	44	80%	1422 N. Main, Dayton, OH 45405 (513) 277-7393
5.	Northern Auto Supply Co.	48	75%	1906 N. Peach St., Marshfield, WI 54449 (715) 384-2124
6.	Keenan Auto Parts	49	95%	POB 767, Anderson, SC 29622 (803) 224-6321
7.	Barnes Motor & Parts	55	75%	315 E. Barnes St., Wilson, NC 27893 (919) 243-2161
8.	J. Burdman Auto Parts	57	85%	801 N. Franklin St., Kirksville, MO 63501 (816) 665-3787
9.	Motor Bearings & Parts	62	99%	427 S. Dawson St., Raleigh, NC 27602 (919) 832-3961
10.	SAS Auto Parts Co.	64	75%	129 Manchester St., Concord, NH 03301 (603) 225-4000

THE *AM* TOP TEN CHAINS IN PROGRAMMED DISTRIBUTION GROUPS

(Showing percentage of retail sales)

List #	Name of Chain	Stores	100 List #	% Retail	Programmed Distribution Group
1.	Genuine Parts	616	2	30%	NAPA, Atlanta
2.	Fisher	181	10	20%	Federated, Staunton, VA
3.	APS	117	17	33%	Big A, Houston
4.	O'Reilly	115	18	50%	Auto Value, Springfield, MO
5.	General Parts	102*	20	20%	Carquest, Tarrytown, NY
6.	Straico	92	22	30%	Carquest, Tarrytown, NY
7.	Advantage	72	26	40%	Auto Value, Springfield, MO
8.	Brooks Auto Parts/Supply	51	32	45%	NAPA, Atlanta
9.	Kentucky Motor Service	50	33	30%	Federated, Staunton, VA
10.	Ace Auto Parts	40	39	46%	Auto Value, Springfield, MO

PROGRAM MEMBERS

Alert readers will note that the number of chains saying they belong to one programmed distribution organization or another has grown greatly in 1991 over 1990. As well, among our top ten chains which are also programmed distribution group members, last year only five groups (Big A, Bumper to Bumper, Carquest, IWDA, and NAPA) were mentioned last year. This year, seven groups were mentioned.

The list is somewhat misleading in that NAPA is actually partly owned by Genuine Parts. Also, APS owns Big A and Fisher owns Federated as well as operating stores under different names. Auto Sure is owned by Alexander-Seewald which also owns the retail chain Parts City. ■

SPEED SHOPS

The trend over the past year in speed and performance shops has been the same as that in the overall aftermarket—the big have grown bigger while the small have just survived.

Yet, the market has grown. In 1990 we reported 223 stores owned by the ten largest speed shops; the number is 236 stores this year. However, the growth has been strictly by California's Super Shops. And, last year the smallest chain we reported on had three stores, while this year two two-store chains end the list.

Last year Seco Performance Centers, with four stores, was number seven on the list. This year, the company simply listed itself as Seco, with a more general aftermarket emphasis than before. Seco has been replaced on this list by Van Iderstine Speed & Auto Centers. This makes California and, unexpectedly enough, New Jersey leading the list of states with speed shop chains headquartered in them. ■

THE *AM* TOP TEN SPEED SHOP CHAINS

List #	Chain	# of Stores	CEO	Address
1.	Super Shops	162	Harry Eberlin	620 Newport Center Dr., Ste 860, Newport Beach, CA 92660
2.	Ben Pilla Speed Shops	28	Ben Pilla	118 N. Black Horse Pike, Bellmawr, NJ 08031
3.	Performance Centers of America	20	D.R. Raleigh	180 Whitman Ave., Edison, NJ 08817
4.	Rons Performance	7	R.T. Uemura	2760 Kilihau St., Honolulu, HI 96819
5.	Speed Unlimited Inc.	5	Peter Mandes	4771 Allentown Rd., Morningside, MD 20746
6.	United Speed World	4	Terry Lewis	734 W. Brandon Blvd., Brandon, FL 33614
7.	High Tech Performance	3	S.J. Ventimiglia	7885 University Ave., La Mesa, CA 92041
8.	Jeg's High Performance Centers	3	Ed Coughlin	751 E. 11th Ave., Columbus, OH 43211
9.	PV Performance Centers	2	Brian Peavey	124 Eastern Ave., Malden, MA 02148
10.	Van Iderstine Speed & Auto Center	2	Pete Van Iderstine	245 Rte. 10, E. Hanover, NJ 07936
	Total	236		

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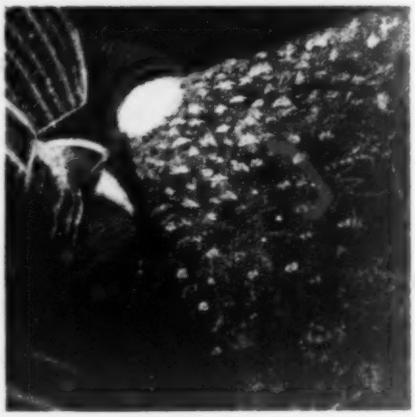

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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Phil Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

William H. Wolfe,
Senior Contributing Editor

Wendy Ampolsk,
Contributing Editor

Regis D'Angiolini,
Editorial Intern

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

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CHILTON OFFICERS
Gary R. Ingersoll; President
Donald W. Chestnut; Sr. V.P. Operations/Admin.
Christopher M. Savine; V.P., Finance, C.F.O.

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JESSE H. NEAL
AWARD-WINNING
PUBLICATION
FIVE OUT OF
EIGHT YEARS

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MARKET LINE

COMMODITIES

Steady Growth Seen For Major Parts, Chemical Sales

A new Frost & Sullivan Inc., New York, study, *The U.S. Automotive Aftermarket For Merchandised Products And Services*, projects steady growth for major DIY parts and chemical categories through 1995.

Leaving aside sales of gasoline, which come to about $117 billion, the Frost & Sullivan model of aftermarket retail sales breaks down like this:

- Merchandised Products: $38.46 billion
- Services (parts/labor): $89.54 billion,

which makes the total aftermarket $128 billion at retail. According to Frost & Sullivan projections, the total market will reach roughly $156.5 billion by 1995.

Merchandised products, which account for about a third of the total market, are all basically commodities and share common characteristics: high DIY sales, much advertisement and promotion, widespread distribution, and many depend on the consumer to determine when replacement is necessary.

In addition to these characterisitics, the study finds that these products fly in the face of common aftermarket opinion that DIY sales will decline.

The study says that, "while there is evidence that points to this decline, it appears that because of the ease of installation of merchandised products, they are less affected by this trend than other replacement parts, particularly brakes, ride control, and exhaust. The oil change, for example, is still a relatively easy operation and much less expensive than paying someone at a quick lube. Indeed, many DIYers look upon many of the activities associated with merchandised products as the last bastion untouched by the ravages of automotive technology."

This supports the conclusions and comments from suppliers reached in many of our commodities pieces written over the past three years. For example, in covering oil changes and filter replacement last year, we found: "Every supplier expects a decline in the DIY market. The only debate is whether the decline will be severe or only slight in years to come.

"Advocates of a severe drop in DIY point to demographics, car complexity, convenience, and perhaps most important, increasing national and local government regulations on disposing of waste oil, all forcing customers away from DIY and to the installer, particularly the quick lubes.

"Those who see only a slight drop suggest that convenience may not be as important as some people think. 'The typical DIYer is less affluent, is used to doing his own work, and usually has more than one car,' said one supplier. 'The convenience may be there, but it's still $25 a car. For two or three cars that's a lot of money every four to five months.'"

And in spark plug replacement, Mark McIvor, vice president of marketing at the Electronics Division of Allied Automotive, E. Providence, RI, said, "I see DIY going down at a point or so a year for the next several years. The reasons? The complexity of cars. Warranty implications mean a tendency to return to the dealer. The availability of quick tune locations." Based on comments from all the major spark plug suppliers, we wrote: "The DIY rate, which was more than 50% in the 1970s is in the 45% range now, and most manufacturers see the decline in DIY continuing through the 1990s to perhaps 35% by the end of the decade."

Along with examining the DIY question and product analyses, the Frost & Sullivan study also examines distribution practices and trends. Here too, the study confirms many of the trends we've examined.

- **WD/Jobber Channel** "Is now being threatened from within by direct selling practices. Manufacturers are skipping over WDs to sell direct to jobbers, and WDs are skipping over jobbers to sell direct to installers. WDs are also establishing their own jobber outlets in an effort to improve revenue flow. These trends, which affect primarily urban and suburban regions, have created widespread disenchantment among participants."
- **DIY Sales** "Mass merchandisers and auto chains maintain a primary role, but the jobber should not be counted out. Parts proliferation and declining profit margins are making many products less desirable for discount and department stores, and many DIYers are finding vehicle coverage to be a real problem, even in the auto chains. As a result, there will be a shift away from mass merchandisers, and the ripple effect will benefit auto chains and job-

TOTAL RETAIL SALES OF MERCHANDISED PRODUCTS

Total retail sales of these products, the backbone of DIY sales, are shown first for 1990, and then projected to 1995. (In millions of current dollars)

Product	1990 Sales	1995 Sales
Replacement tires	$12,667.0	$15,335.0
Accessories	8,636.1	9,281.1
Motor Oil	5,357.0	5,959.0
Replacement Batteries	3,054.0	3,726.0
Chemicals	2,571.0	2,764.0
Filters	2,537.0	3,132.0
Ignition/wire/cable	1,752.7	1,892.4
Spark plugs	1,050.0	1,073.0
Lights	573.3	680.2
Wipers/blades	264.0	327.7
Total Sales	$38,462.4	$44,170.4

Source: Frost & Sullivan Inc., [illegible] bers. Many auto chains are expanding their SKUs and this will help stem the flow of business to jobbers."

- **Jobbers** "Are hoping to benefit from anticipated opportunities in the automotive service arena, but they will have to work hard and shift their customer base. Independent repair garages will remain as the mainstay of their business, but jobbers will increasingly expect new car dealers and repair specialists to play a larger role. Jobbers believe that in the long run they can provide quicker and more convenient delivery than the WD and more expert advice than the retail auto chains."
- **Independent Jobbers** "Face a serious challenge from program distribution groups who are able to buy in volume, coordinate marketing efforts, and disseminate information and training more effectively. Program groups are expected to continue their expansion, and are now trying to reach down to the installer as well. It will be increasingly difficult for independent jobbers to resist some type of program or buying group, and this is not necessarily good news for manufacturers who often view the power of these groups as a threat to their profitablity."

The complete 270-page report is available from Frost & Sullivan for $2,900. ■

RETAILERS

ADAP Celebrates Good Year, Will Test Service

ADAP/Auto Palace, Avon, MA, capped a record breaking sales year by holding a four-day carnival in Boston from June 15-18.

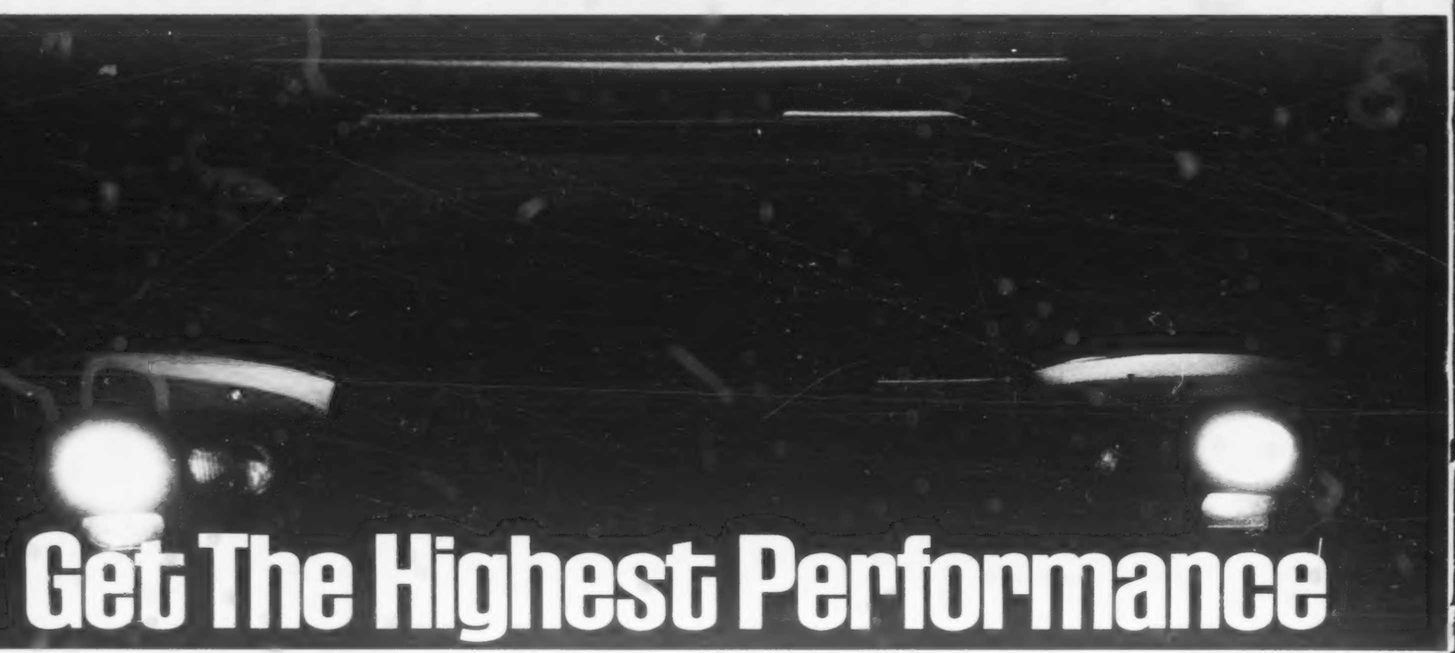
The festivities began with a two-day "Car Care Carnival" for consumers at the Bayside Exposition Center in Boston. An estimated 35,000 came through the gates to view NASCARS, model cars, ADAP race cars, the wares of 94 vendors, and take part in numerous activities and giveaways. For its part, ADAP/Auto Palace and its vendors presented a variety of automotive maintenance demonstrations and new product introductions.

Following the consumer production, the action shifted to Danvers, MA, where vendors exhibited and spoke with all ADAP and Auto Palace store managers at the chain's annual vendor show. A typical reaction came from Robert Castellano, vice president of marketing at Blue Chip Products, Fairless Hills, PA, who said, "Shows like this are good for us because we sit in an ivory tower. This is the only chance we get to speak to the people actually selling our products."

ADAP/Auto Palace's fiscal year closed with sales of $72,726,000, a growth of 18.3% over 1989's $61,458,000. Better yet, net income before taxes increased to $2,987,000 compared with a pre-tax loss of $950,000 in 1989.

Vice president and general manager Wayne Yodzio told *Automotive Marketing* that continued profitability is his goal for 1991. "We're going to go slow with store openings in 1991. We owe it to Rite Aide (ADAP's parent company) to make sure it's profitable consistantly. That's our number one objective."

ADAP now operates 38 Auto Palaces and 46 ADAP stores. An additional seven stores should be complete by year's end. Auto Palaces will increase in SKUs from roughly 11,500 now to 13,000 SKUs over



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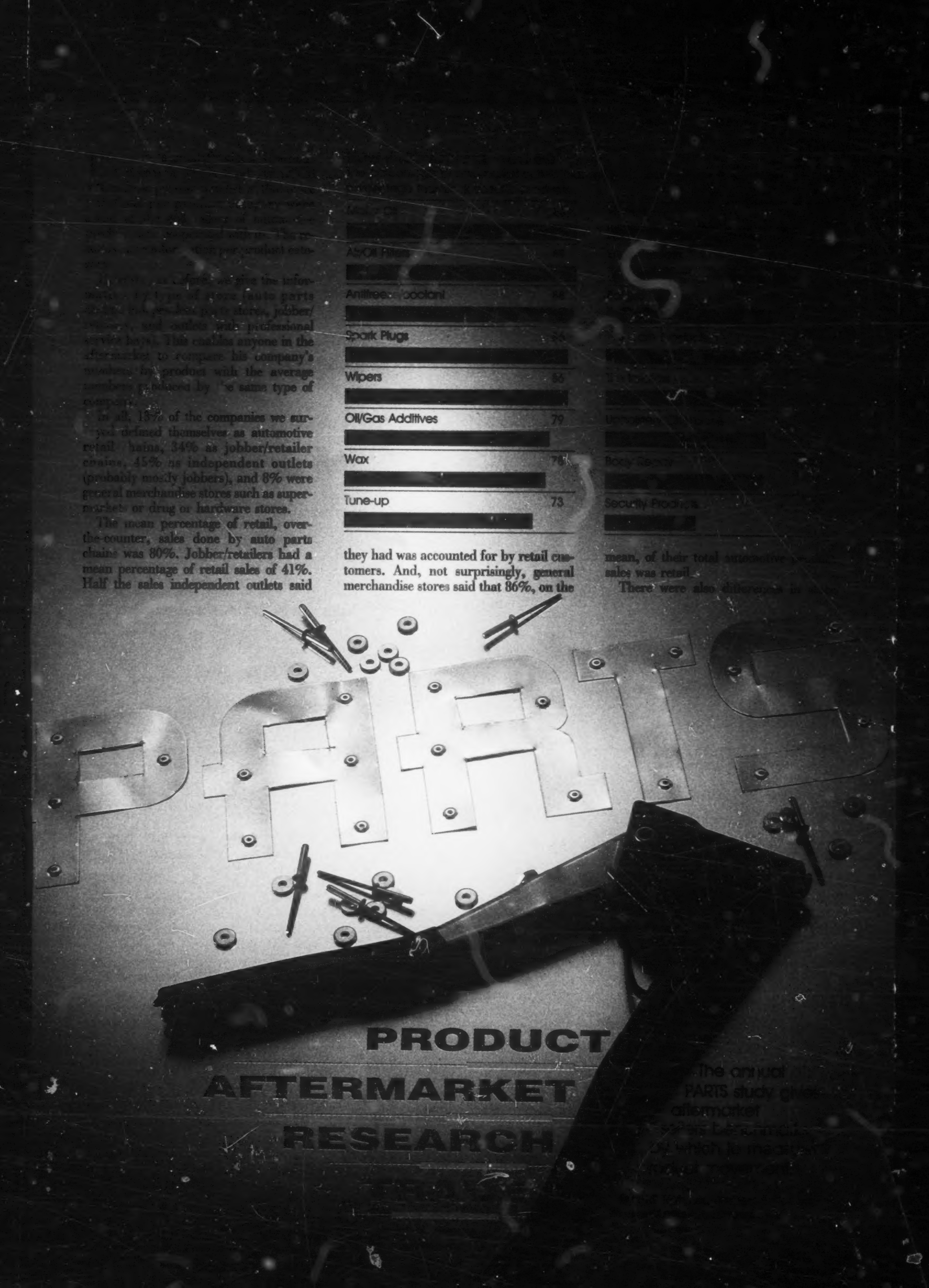

Antifreeze/coolant 88
Spark Plugs
Wipers 86
Oil/Gas Additives 79
Wax 78
Tune-up 73
Body Repair
Security Products
PARTS

[illegible] per product category.

[illegible] we give the information by type of store (auto parts chains, independent parts stores, jobber/retailers, and outlets with professional service bays). This enables anyone in the aftermarket to compare his company's numbers by product with the average numbers produced by the same type of company.

In all, 13% of the companies we surveyed defined themselves as automotive retail chains, 34% as jobber/retailer chains, 45% as independent outlets (probably mostly jobbers), and 8% were general merchandise stores such as supermarkets or drug or hardware stores.

The mean percentage of retail, over-the-counter, sales done by auto parts chains was 80%. Jobber/retailers had a mean percentage of retail sales of 41%. Half the sales independent outlets said they had was accounted for by retail customers. And, not surprisingly, general merchandise stores said that 86%, on the mean, of their total automotive [illegible] sales was retail.

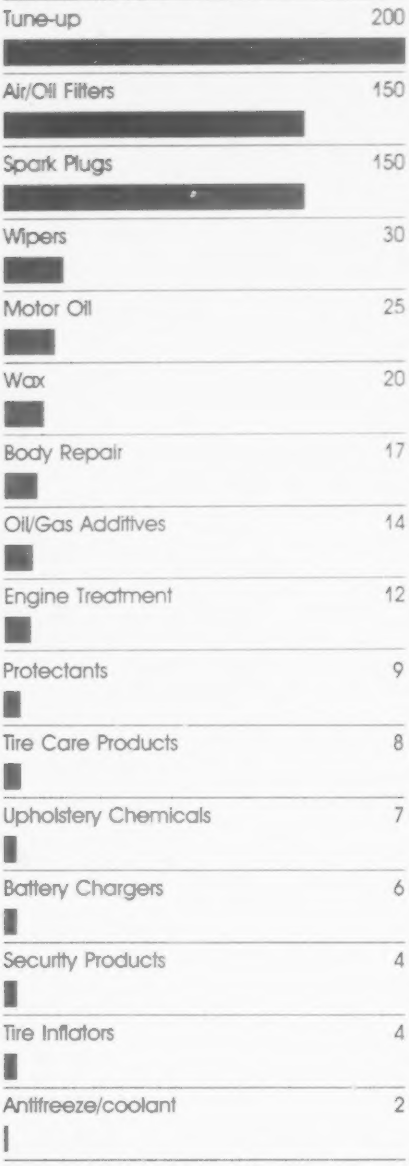
There were also differences in [illegible]

PRODUCT AFTERMARKET RESEARCH

The annual PARTS study gives aftermarket [illegible] by which to measure [illegible]

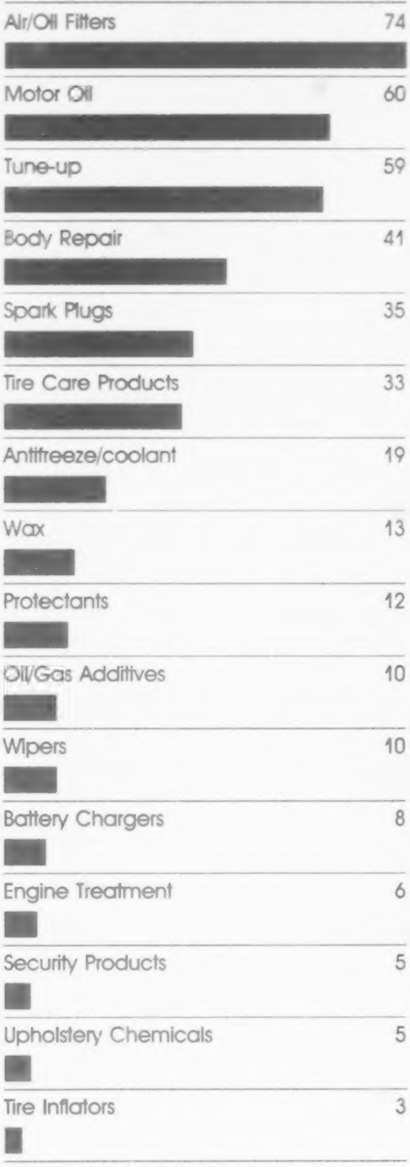
PRODUCTS BY SKUs

The SKU (Stock Keeping Unit) is the basic, individual product as differentiated by size, purpose, make, package, or other product difference. The basic products are listed by the median amount of SKUs stocked by all automotive product-stocking retail outlets.



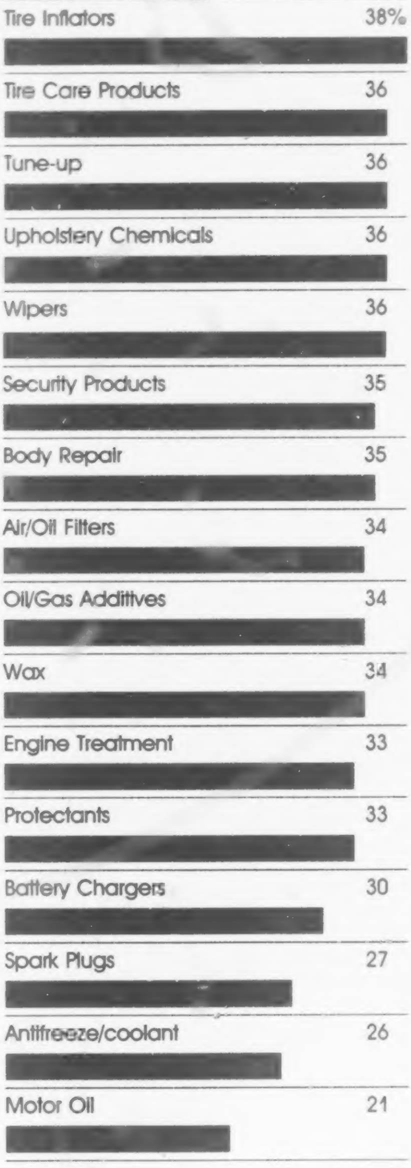
PRODUCTS BY FOOTAGE

Individual products are listed by either mean square footage of display for products typically displayed in bulk or by mean linear footage of shelving devoted to products usually displayed on pegboards or by similar means.

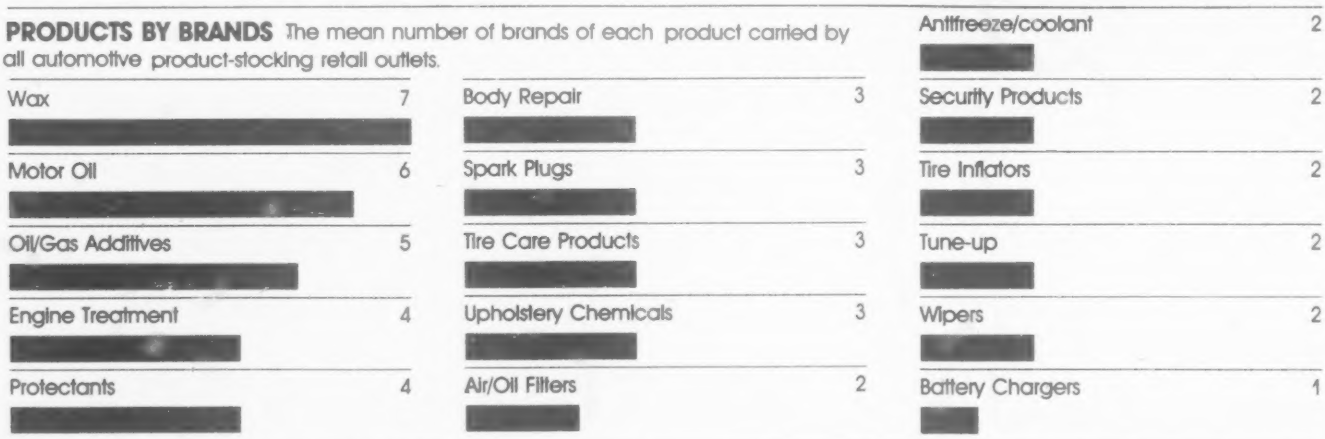


PRODUCTS BY AVERAGE GROSS MARGINS

Gross margins are the total amount above cost the auto parts store charges. The following products are listed by the mean gross margin percentages indicated by all automotive product-stocking retail outlets.



PRODUCTS BY BRANDS The mean number of brands of each product carried by all automotive product-stocking retail outlets.



types by the number of SKUs they stock. The mean number of SKUs an auto chain stocks is 10,823; it's 10,000 for jobber/retailers; 4,000 for independent outlets; only 200 for general merchandise stores; and 2,000 for outlets with service bays.■

PROTECTANTS

WHO STOCKS PROTECTANTS

We asked different types of stores if they stocked protectants.

Auto Parts Chain	89%
Independent Parts Store	70
Jobber/Retailers	73
Service Providers	61

THE FUTURE PROTECTANT MARKET

We asked how those involved in aftermarket product sales thought the protectant market would change.

1-5% Growth	27%
No Change	24
6-10% Growth	17
Over 20% Growth	4
11-15% Growth	4

PROTECTANT BRANDS

We asked how many brands of protectants the average store stocked.

Auto Parts Chain	5
Independent Parts Store	4
Jobber/Retailers	5
Service Providers	5

AVERAGE GROSS MARGINS OF PROTECTANTS

We asked different types of stores what their average gross margins of protectants were.

Auto Parts Chain	37%
Independent Parts Store	39
Jobber/Retailers	33
Service Providers	33

AVERAGE NUMBER OF PROTECTANT SKUs

We asked how many SKUs of protectants were stocked in an average store.

Auto Parts Chain	25
Independent Parts Store	33
Jobber/Retailers	36
Service Providers	34

PROTECTANT DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to protectants.

Auto Parts Chain	10
Independent Parts Store	12
Jobber/Retailers	14
Service Providers	11

lthough not as commonly stocked as other automotive products, protectants were found to be carried by 73% of all retailers we surveyed. Nearly half of these retailers, 46%, said that protectants make up between 5% and 10% of their total sales.

Except for automotive parts chain stores, the majority of other retailers tend not to promote protectants. More than a third of all retailers, 36%, said that they do not promote protectants at all.

Automotive Parts Chain Stores

At 90%, almost all automotive parts chains carry protectants. One half of these retailers said that protectants account for between 1% and 5% of their total sales. One quarter of these chains promote protectants twelve or more times per year, although the product is of such a nature that it would tend to be more commonly be promoted during good, warm weather so one can't assume these are monthly promotions.

Independent Auto Parts Stores

A total of 70% of independent auto parts retailers and jobber/retailers stock protectants. Of these independents, 45% said that protectants make up between 1% and 5% of their total sales. Different from chains, the largest single number (41%) of independents do not promote protectants.

Non-Automotive Retailers

Almost three quarters, 73%, of non-automotive retailers carry protectants, which naturally appeal to a broad sprectrum of vehicle maintainers such as women who may not shop in auto parts stores. Similar to chains, 49% of these retailers said that protectants account for between 1% and 5% of their total sales. Almost the same as independents, 40% do not promote protectants.

Chains With Service Bays

Approximately 61% of chains with service bays stock protectants. Of these retailers, 41% said that protectants account for between 1% and 5% of their total sales. More than a third, 35%, said that they do not promote protectants. ■

WAX

PARTS

Car wax is the seventh most popular automotive item among retailers with 78% stocking car wax in one form or another. Nearly half of the retailers surveyed, 46%, said that wax accounts for between 1% and 5% of their total sales. A total of 31% said that they do not promote wax at all, while another 13% said that they promote wax twice a year.

Automotive Parts Chain Stores

At 89%, automotive parts chain stores are the retailers most likely to stock wax. Half of these retailers said that wax makes up between 1% and 5% of their total sales. Unlike other types of retailers, automotive parts chains tend to promote wax often. A total of 21% promote wax twelve or more times per year. Another 17% promote wax twice a year, and 13% promote wax four times a year.

Independent Auto Parts Stores

Three quarters of all independent auto parts stores stock wax. In regards to sales, independents tend to be similar to other types of retailers with close to half (44%) saiding that wax makes up between 1% and 5% of their total sales. The largest single group of independents rarely promote wax. A total of 42% said that they do not promote wax at all, and another 10% said that they promote wax only twice a year.

Non-Automotive Retailers

Some 80% of non-automotive retailers stock wax. Similar to chains and independents, 47% of non-automotive retailers said that between 1% and 5% of their total sales are of wax. Just over a quarter, 26%, never promote wax.

Chains With Service Bays

At 62%, chains with service bays are the retailers least likely to stock wax. A total of 40% of these chains said that wax accounts for between 1% and 5% of their total sales. Another 5% said that wax accounts for between 6% and 10% of their total sales. The largest number of these chains (40%) never promote wax. Some 16% promote wax twice a year, while 11% promote wax annually. ■

WAX DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to wax.

Auto Parts Chain	15
Independent Parts Store	13
Jobber/Retailers	12
Service Providers	15

AVERAGE NUMBER OF WAX SKUs

We asked how many SKUs of waxes were stocked in an average store.

Auto Parts Chain	30
Independent Parts Store	53
Jobber/Retailers	42
Service Providers	28

AVERAGE GROSS MARGINS OF WAXES

We asked different types of stores what their average gross margins of waxes were.

Auto Parts Chain	40%
Independent Parts Store	37
Jobber/Retailers	33
Service Providers	33

WAX BRANDS

We asked how many brands of wax the average store stocked.

Auto Parts Chain	8
Independent Parts Store	7
Jobber/Retailers	6
Service Providers	8

THE FUTURE WAX MARKET

We asked how those involved in aftermarket product sales thought the wax market would change.

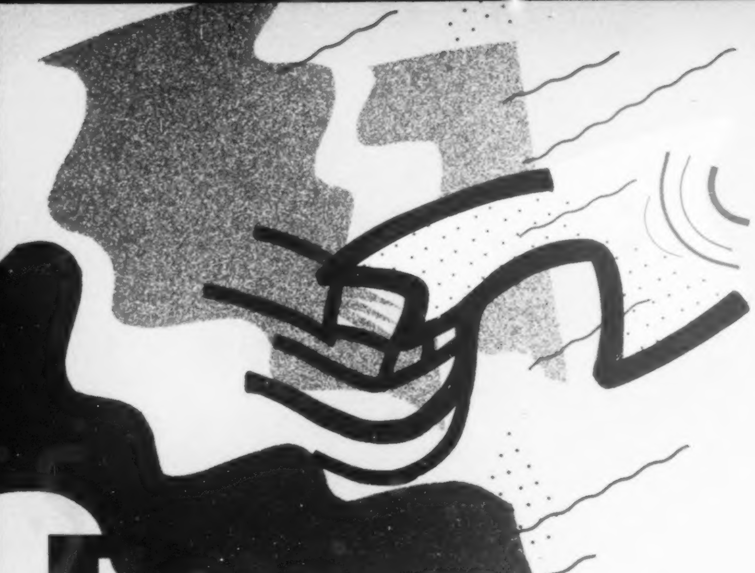
1-5% Growth	27%
No Change	25
6-10% Growth	20
11-15% Growth	3
Over 20% Growth	2

WHO STOCKS WAX

We asked different types of stores if they stocked wax.

Auto Parts Chain	89%
Independent Parts Store	75
Jobber/Retailers	80
Service Providers	62

PARTS



BODY REPAIR PRODUCTS

Although body repair products are not as commonly stocked as other automotive items, these products are carried by 61% of the retailers we surveyed. The largest number of retailers, 38%, said that such products account for between 1% and 5% of their total sales. Almost as many retailers, 37%, said that they never promote body repair.

Automotive Parts Chain Stores

At 70%, automotive parts chains are the retailers most likely to carry body repair products. More than half of these retailers, 53%, said that body repair products account for between 1% and 5% of their total sales. Automotive parts chains vary in how often they promote body repair products. Over a fifth, 21% said that they promote body repair products twice annually. Another 16% said that they promote body repair products 12 or more times a year.

Independent Auto Parts Stores

Independent auto parts stores tend to differ from automotive parts chains with only 59% of independents carrying body repair products. Of these independents, 31% said that body repair products account for between 1% and 5% of their total sales. More than half of independents, 52%, said that they do not promote body repair products at all.

Non-Automotive Retailers

Some 65% of non-automotive retailers carry body repair products. Of these retailers, 42% said that body repair products account for between 1% and 5% of their total sales. Nearly one third, 32%, of these retailers said that they never promote body repair products.

Chains With Service Bays

Chains with service bays that carry body repair products are strikingly low compared to other retailers. Only 44% of these chains carry body repair products. Approximately 41% said that body repair products account for between 1% and 5% of their total sales. Almost half of these chains (48%) said that they never promote body repair products. ■

WHO STOCKS BODY REPAIR PRODUCTS

We asked different types of stores if they stocked body repair products.

Auto Parts Chain	70%
Independent Parts Store	59
Jobber/Retailers	64
Service Providers	44

THE FUTURE BODY REPAIR PRODUCT MARKET

We asked how those involved in aftermarket product sales thought the body repair product market would change.

1-5% Growth	25%
6-10% Growth	21
No Change	18
11-15% Growth	7
Over 20% Growth	3

BODY REPAIR PRODUCT BRANDS

We asked how many brands of body repair products the average store stocked.

Auto Parts Chain	3
Independent Parts Store	2
Jobber/Retailers	2
Service Providers	2

AVERAGE GROSS MARGINS OF BODY REPAIR PRODUCTS

We asked different types of stores what their average gross margins of body repair products were.

Auto Parts Chain	42%
Independent Parts Store	33
Jobber/Retailers	37
Service Providers	33

AVERAGE NUMBER OF BODY REPAIR PRODUCT SKUs

We asked how many SKUs of body repair products were stocked in an average store.

Auto Parts Chain	34
Independent Parts Store	347
Jobber/Retailers	408
Service Providers	21

BODY REPAIR PRODUCT DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to body repair products.

Auto Parts Chain	12
Independent Parts Store	60
Jobber/Retailers	29
Service Providers	37

PARTS

UPHOLSTERY CHEMICALS

Upholstery chemicals are another of the uncommonly stocked automotive product categories. A total of 62% of the retailers we surveyed said that they stock these chemicals. The largest single group of these retailers, 44%, said that upholstery chemicals account for 1% to 5% of their total sales. A total of 32% of these retailers do not give upholstery chemicals advertising attention.

Automotive Parts Chain Stores

Almost two-thirds of automotive parts chains, 74%, stock upholstery chemicals. The majority of these retailers, 60%, said that upholstery chemicals make up between 1% and 5% of their total sales. However, promotion of these chemicals by chains tends to vary. Approximately 15% of these chains promote upholstery chemicals once a year, while another 15% promote these chemicals 12 or more times per year.

Independent Auto Parts Stores

More than half of independent auto parts stores, 56%, stock chemicals. More than a third of these stores, 36%, said that upholstery chemicals account for 1% to 5% of their total sales. Differing from automotive parts chains, the largest group of independents (44%) never promote these chemicals.

Non-Automotive Retailers

A total of 70% of non-automotive retailers carry upholstery chemicals. Nearly half of these retailers, 46%, said that between 1% and 5% of their total sales were from upholstery chemicals. Similar to independents, 27% of these retailers don't feel the need to promote these chemicals.

Chains With Service Bays

At 46%, chains with service bays are the retailers least likely to carry upholstery cleaners. Less than a third of these chains, 32%, said that upholstery cleaners account for 1% to 5% of their total sales. Similar to independents, 43% of these retailers choose not to promote upholstery cleaners at all. ■

UPHOLSTERY CHEMICAL DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to upholstery chemicals.

Auto Parts Chain	6
Independent Parts Store	7
Jobber/Retailers	4
Service Providers	10

AVERAGE NUMBER OF UPHOLSTERY CHEMICAL SKUs

We asked how many SKUs of upholstery chemicals were stocked in an average store.

Auto Parts Chain	11
Independent Parts Store	16
Jobber/Retailers	15
Service Providers	12

AVERAGE GROSS MARGINS OF UPHOLSTERY CHEMICALS

We asked different types of stores what their average gross margins of upholstery chemicals were.

Auto Parts Chain	45%
Independent Parts Store	35
Jobber/Retailers	32
Service Providers	35

UPHOLSTERY CHEMICAL BRANDS

We asked how many brands of upholstery chemicals the average store stocked.

Auto Parts Chain	3
Independent Parts Store	3
Jobber/Retailers	3
Service Providers	3

THE FUTURE UPHOLSTERY CHEMICAL MARKET

We asked how those involved in aftermarket product sales thought the upholstery chemical market would change.

1-5% Growth	30%
No Change	25
6-10% Growth	14
Over 20% Growth	2
11-15% Growth	2

WHO STOCKS UPHOLSTERY CHEMICALS

We asked different types of stores if they stocked upholstery chemicals.

Auto Parts Chain	74%
Independent Parts Store	56
Jobber/Retailers	70
Service Providers	46

PARTS

WIPERS

WHO STOCKS WIPERS

We asked different types of stores if they stocked wipers.

Auto Parts Chain	93%
Independent Parts Store	85
Jobber/Retailers	90
Service Providers	77

THE FUTURE WIPERS MARKET

We asked how those involved in aftermarket product sales thought the wipers market would change.

1-5% Growth	31%
6-10% Growth	22
No Change	15
11-15% Growth	7
Over 16% Growth	5

WIPER BRANDS

We asked how many brands of wipers the average store stocked.

Auto Parts Chain	2
Independent Parts Store	1
Jobber/Retailers	2
Service Providers	2

AVERAGE GROSS MARGINS OF WIPERS

We asked different types of stores what their average gross margins of wipers were.

Auto Parts Chain	43%
Independent Parts Store	35
Jobber/Retailers	34
Service Providers	35

AVERAGE NUMBER OF WIPER SKUs

We asked how many SKUs of wipers were stocked in an average store.

Auto Parts Chain	40
Independent Parts Store	80
Jobber/Retailers	103
Service Providers	47

WIPERS DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to windshield wipers.

Auto Parts Chain	7
Independent Parts Store	9
Jobber/Retailers	12
Service Providers	6

One of the more commonly stocked automotive products, wipers are carried by 86% of the retailers we surveyed. Nearly half of these retailers, 49%, said that wipers account for between 1% and 5% of their total profits. More than a quarter of these retailers, 26%, said that they don't bother to promote wipers.

Automotive Parts Chain Stores

At 93%, automotive parts chains are the type of retailers most likely to carry wipers. Almost half of these chains (48%) said that wipers account for between 1% and 5% of their total sales. One fifth of these automotive parts chains said that they promote wipers twelve or more times a year, probably more in wetter winter months and more in northern areas and wet areas than elsewhere.

Independent Auto Parts Stores

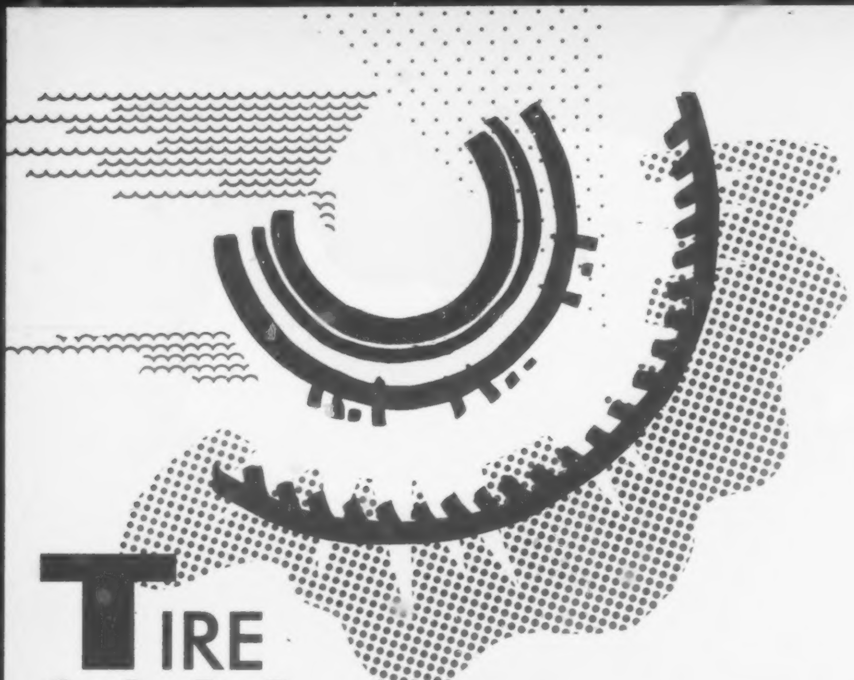
A total of 85% of independent auto parts stores carry wipers. Similar to chains, close to half of independents, 46%, said that wipers make up 1% to 5% of their total sales. Unlike chains, more than a third, 36%, said that they do not promote wipers, depending on the need to bring customers into their stores.

Non-Automotive Retailers

Approximately 90% of non-automotive retailers carry wipers. More than half of these retailers, 55%, said that wipers account for between 1% and 5% of their total sales. Almost one fifth said that they do not promote wipers. Another 11% said that they promote wipers once a year, and 17% said that they promote wipers twice a year.

Chains With Service Bays

Just over three quarters of chains with service bays, 77%, said that they stock wipers. Similar to other retailers, 43% of these chains said that wipers account for between 1% and 5% of their total profits. A total of 28% of these retailers said that they do not promote wipers. Another 9% said that they promote wipers twice a year, while 11% said that they promote wipers 12 or more times a year. ■



TIRE CARE PRODUCTS

Tire care products consist mainly of cleaners designed specifically to improve the appearance of tires. A total of 63% of the retailers we surveyed carry tire care products. Of these retailers, close to half, 46%, said that between 1% and 5% of their total sales were from tire care products. Almost one third of these retailers, 32%, said that they do not feel the need to promote these products.

Automotive Parts Chain Stores

At 78%, automotive parts chain stores are the retailers most likely to carry tire care products. The majority of these retailers, 58%, said that tire care products account for 1% to 5% of their total sales. Most promote these products. However, the number of times they do varies. Some 19% promote tire care products twice a year, while 14% promote them 12 or more times per year.

Independent Auto Parts Stores

More than half of independent auto parts stores (58%) carry tire care products. Of these independents, 38% said that these products make up between 1% and 5% of their total sales. Unlike chains, the largest single number of these retailers (39%) choose not to promote tire care products.

Non-Automotive Retailers

More than two-thirds of non-automotive retailers, 70%, stock tire care products. Just over half of these retailers, 51%, said that between 1% and 5% of their total sales were from these products. Similar to independents, 34% of these retailers do not promote tire care products.

Chains With Service Bays

Chains with service bays tend to mirror independents as far as tire care products are concerned. A total of 57% of chains with service bays carry tire care products. Just over a third of these chains, 34%, said that tire care products make up 1% to 5% of their total sales. Finally, 40% of these chains do not feel the need to promote tire care products. ■

WHO STOCKS TIRE CARE PRODUCTS

We asked different types of stores if they stocked tire care products.

Auto Parts Chain	78%
Independent Parts Store	58
Jobber/Retailers	70
Service Providers	57

THE FUTURE TIRE CARE PRODUCT MARKET

We asked how those involved in aftermarket product sales thought the tire care product market would change.

1-5% Growth	36%
No Change	20
6-10% Growth	14
Over 20% Growth	3
16-20% Growth	2

TIRE CARE PRODUCT BRANDS

We asked how many brands of tire care products the average store stocked.

Auto Parts Chain	4
Independent Parts Store	2
Jobber/Retailers	3
Service Providers	3

AVERAGE GROSS MARGINS OF TIRE CARE PRODUCTS

We asked different types of stores what their average gross margins of tire care products were.

Auto Parts Chain	44%
Independent Parts Store	35
Jobber/Retailers	34
Service Providers	34

AVERAGE NUMBER OF TIRE CARE PRODUCT SKUs

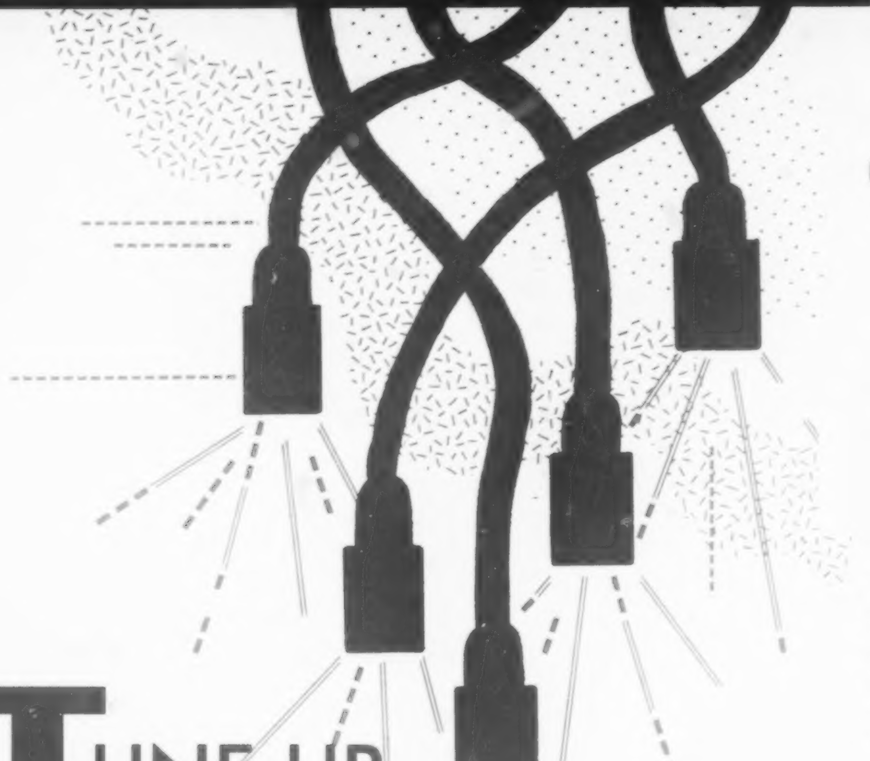
We asked how many SKUs of tire care products were stocked in an average store.

Auto Parts Chain	9
Independent Parts Store	24
Jobber/Retailers	21
Service Providers	20

TIRE CARE PRODUCT DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to tire care products.

Auto Parts Chain	6
Independent Parts Store	70
Jobber/Retailers	6
Service Providers	105



TUNE-UP PRODUCTS

TUNE-UP PRODUCT DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to tune-up products.

Auto Parts Chain	53
Independent Parts Store	53
Jobber/Retailers	71
Service Providers	38

AVERAGE NUMBER OF TUNE-UP PRODUCT SKUs

We asked how many SKUs of tune-up products were stocked in an average store.

Auto Parts Chain	201
Independent Parts Store	398
Jobber/Retailers	511
Service Providers	437

AVERAGE GROSS MARGINS OF TUNE-UP PRODUCTS

We asked different types of stores what their average gross margins of tune-up products were.

Auto Parts Chain	42%
Independent Parts Store	34
Jobber/Retailers	34
Service Providers	34

TUNE-UP PRODUCT BRANDS

We asked how many brands of tune-up products the average store stocked.

Auto Parts Chain	2
Independent Parts Store	2
Jobber/Retailers	2
Service Providers	3

THE FUTURE TUNE-UP PRODUCT MARKET

We asked how those involved in aftermarket product sales thought the tune-up product market would change.

6-10% Growth	28%
1-5% Growth	22
No Change	9
16-20% Growth	7
11-15% Growth	7

WHO STOCKS TUNE-UP PRODUCTS

We asked different types of stores if they stocked tune-up products.

Auto Parts Chain	82%
Independent Parts Store	70
Jobber/Retailers	85
Service Providers	57

Tune-up products cover a wide range of items from wires to points for pre-electronic cars. A total of 73% of the retailers we surveyed stock tune-up products. The largest single group of retailers we surveyed, 18%, said that tune-up products make up between 1% and 5% of their total sales. More than one quarter, 26%, said that they do not promote these products.

Automotive Parts Chain Stores

Approximately 82% of automotive parts chains carry tune-up products in one form or another. More than one third of these chains, 36%, said that tune-up produts account for between 1% and 5% of their total sales. A total of 27% said that they promote tune-up products 12 or more times per year.

Independent Auto Parts Stores

Slightly differing from chains, 69% of independent auto parts stores stock tune-up products. At 18%, the largest single group of independents said that these products make up between 6% and 10% of their total sales. Another 12% said that tune-up products account for 1% to 5% of their total sales. Almost one third, 32%, said that they do not promote these products.

Non-Automotive Retailers

Approximately 85% of non-automotive retailers stock tune-up products. Exactly one fifth of these retailers said that these products account for 1% to 5% of their total sales. Just over one quarter (26%) said that they never promote tune-up products.

Chains With Service Bays

At 57%, chains with service bays are the retailers least likely to stock tune-up products. Similar to non-automotive retailers, exactly one fifth said that these products make up between 1% and 5% of their total sales. Also similar to non-automotive retailers, the largest single group of these chains (23%) do not promote tune-up products. ■

SECURITY PRODUCTS

SECURITY PRODUCT DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to security products.

Auto Parts Chain	6
Independent Parts Store	4
Jobber/Retailers	3
Service Providers	7

AVERAGE NUMBER OF SECURITY PRODUCT SKUs

We asked how many SKUs of security products were stocked in an average store.

Auto Parts Chain	9
Independent Parts Store	6
Jobber/Retailers	10
Service Providers	17

AVERAGE GROSS MARGINS OF SECURITY PRODUCTS

We asked different types of stores what their average gross margins of security products were.

Auto Parts Chain	44%
Independent Parts Store	33
Jobber/Retailers	33
Service Providers	34

SECURITY PRODUCT BRANDS

We asked how many brands of security products the average store stocked.

Auto Parts Chain	2
Independent Parts Store	2
Jobber/Retailers	1
Service Providers	2

THE FUTURE SECURITY PRODUCT MARKET

We asked how those involved in aftermarket product sales thought the security product market would change.

1-5% Growth	31%
No Change	25
6-10% Growth	10
11-15% Growth	6
16-20% Growth	6

WHO STOCKS SECURITY PRODUCTS

We asked different types of stores if they stocked security products.

Auto Parts Chain	63%
Independent Parts Store	30
Jobber/Retailers	34
Service Providers	43

Security products take in a wide range of items from electronic car alarm systems to mechanical steering wheel locks. Even with this wide range, only 35% of the retailers we surveyed carry security products, making these items the least commonly stocked automotive product category.

Less than half of the retailers we surveyed, 45%, said that security products make up between 1% and 5% of their total sales. Less than a third of these retailers, 29%, said that they do not give security products advertising attention.

Automotive Parts Chain Stores

At 63%, automotive parts chains are the retailers most likely to carry security products. A total of 59% of these retailers said that security products account for 1% to 5% of their total sales. Almost one fifth of these retailers, 18%, said that they promote these products 12 or more times per year. Another 18% said that they promote security products once a year, and an additional 18% said that they promote these items twice a year.

Independent Auto Parts Stores

At 30%, independent auto parts stores are the retailers least likely to stock security products. Differing from chains, 34% of independents said that security products make up between 1% and 5% of their total sales. More than a third of independents, 38%, said that they do not promote security products.

Non-Automotive Retailers

Just over one third (34%) of non-automotive retailers stock security products. Half of these retailers said that these items account for 1% to 5% of their total sales. Similar to independents, 30% said that they do not promote security products.

Chains With Service Bays

A total of 43% of chains with service bays stock security products. Of these chains, 39% said that these products make up between 1% and 5% of their total sales. Similar to independents and non-automotive retailers, 31% of these chains do not advertise security products. ■

PARTS

MOTOR OIL

A total of 89% of all retailers stock motor oil, making it the most commonly stocked automotive product. More than a third of all retailers, 36%, said that motor oil accounts for between 1% and 5% of their total sales. Only a quarter of all retailers said that they never promote motor oil.

Automotive Parts Chain Stores

Approximately 89% of automotive chain stores stock motor oil. Of these chains, 29% said that motor oil accounts for between 1% and 5% of their total sales. A third of automotive chains promote motor oil 12 or more times per year—at least once a month.

Independent Auto Parts Stores

Independent auto parts stores are similar to chains with regards to the stocking and sales of motor oil. A total of 87% of independents stock motor oil, and nearly a third of independents, 32%, said that motor oil acconts for between 1% and 5% of their total sales. However, independents differ from chains with slightly over a third (34%) saiding that they never promote motor oil.

Non-Automotive Retailers

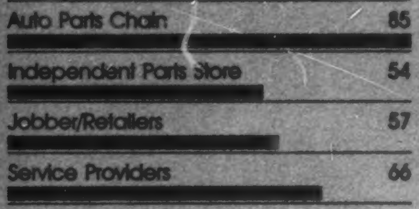
At 95%, nearly all non-automotive retailers carry motor oil. These retailers slightly differ from others since 43% said that motor oil makes up between 1% and 5% of their total sales. Promotion of motor oil by these retailers varies. A total of 18% of these retailers do not promote motor oil, while 14% promote motor oil four times a year, around once a quarter.

Chains With Service Bays

A total of 82% of chains with service bays carry motor oil. For 34% of these chains, motor oil accounts for between 1% and 5% of their total sales. Similar to non-automotive retailers, chains with service bays vary in the promotion of motor oil. Nearly a quarter, 24%, do not promote motor oil at all, while 16% promote motor oil 12 or more times a year. ■

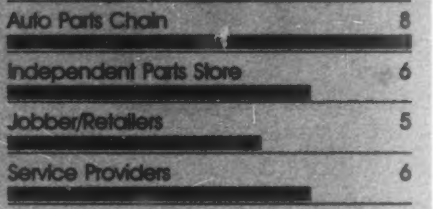
MOTOR OIL DISPLAY SPACE

We asked how many square feet each average store devoted to motor oil.



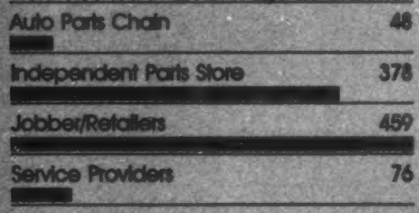
MOTOR OIL BRANDS

We asked how many brands of motor oil the average store stocked.



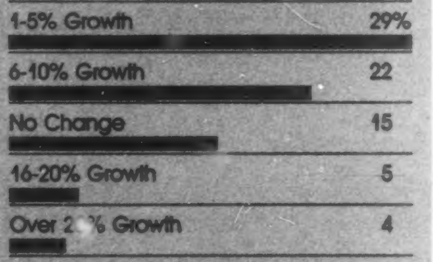
AVERAGE NUMBER OF MOTOR OIL SKUs

We asked how many SKUs of motor oil were stocked in an average store.



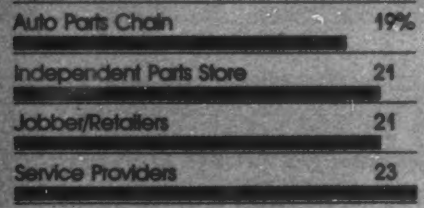
THE FUTURE MOTOR OIL MARKET

We asked how those involved in aftermarket produc[illegible]es thought the motor oil market would change.



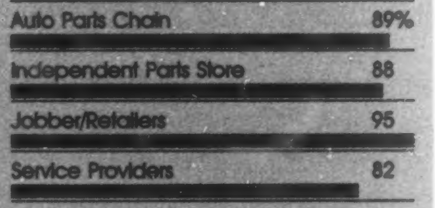
AVERAGE GROSS MARGINS OF MOTOR OIL

We asked different types of stores what their average gross margins of motor oil were.

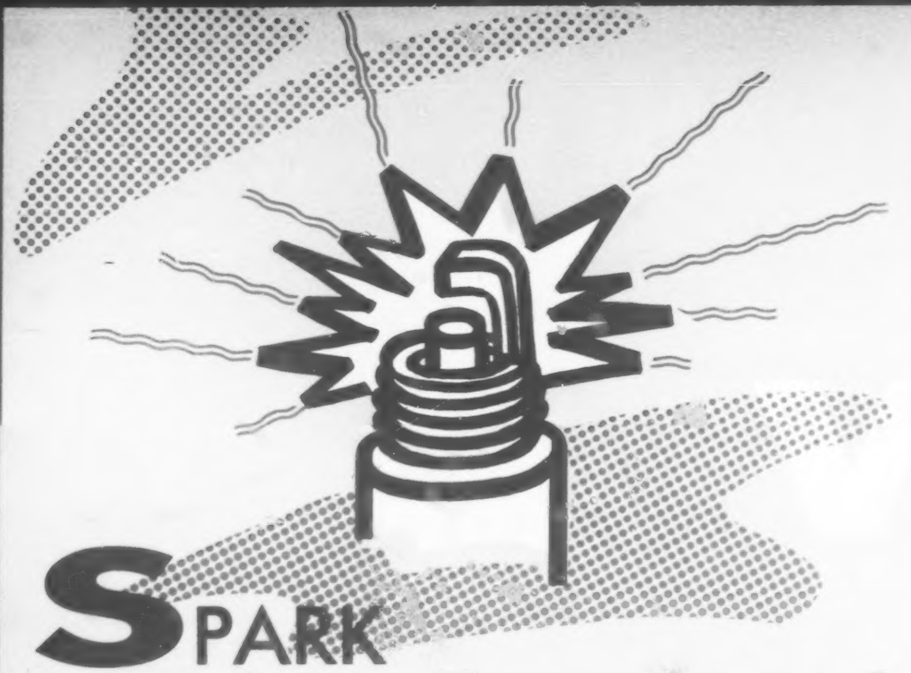


WHO STOCKS MOTOR OIL

We asked different types of stores if they stocked motor oil.



PARTS



SPARK PLUGS

With 86% of all outlets stocking them, spark plugs, a basic automotive product, are not surprisingly one of the more commonly stocked automotive product categories. More than one third of the retailers we surveyed (35%) said that spark plugs account for 1% to 5% of their total sales. Just under one quarter of retailers who stock spark plugs, 23%, said that they do not give spark plugs advertising attention.

Automotive Parts Chain Stores

A total of 85% of automotive parts chains carry spark plugs. Of these retailers, 44% said that spark plugs make up 1% to 5% of their total sales. Just over one quarter of these retailers (26%) said that they promote spark plugs 12 or more times per year.

Independent Auto Parts Stores

Approximately 88% of independent auto stores stock spark plugs. Just under one third of independents, 32%, said that spark plugs account for 1% to 5% of their total sales. Unlike chains, more than one quarter of independents, 27%, said that they do not promote spark p[illegible]

Non-Automotive Retailers

Exactly half of the non-automotive retailers with whom we spoke carried spark plugs. More than one third of these retailers (37%) said that spark plugs make up between 1% and 5% of their total sales. Similar to independents, 22% of these retailers said that they do not promote spark plugs.

Chains With Service Bays

At 75%, chains with service bays are the retailers least likely to stock spark plugs. One third of these chains said that spark plugs account for 1% to 5% of their total sales.

Differing from other retailers, the promotion of spark plugs among chains or independent outlets with service bays is varied. The largest single group of these chains at 17% do not promote spark plugs. Another 11% promote them twice a year, and an additional 11% promote them four times a year.

WHO STOCKS SPARK PLUGS

We asked different types of stores if they stocked spark plugs.

Auto Parts Chain	85%
Independent Parts Store	88
Jobber/Retailers	92
Service Providers	75

THE FUTURE SPARK PLUG MARKET

We asked how those involved in aftermarket product sales thought the spark plug market would change.

1-5% Growth	25%
6-10% Growth	25
No Change	15
11-15% Growth	4
16-20% Growth	3

SPARK PLUG BRANDS

We asked how many brands of spark plugs the average store stocked.

Auto Parts Chain	4
Independent Parts Store	3
Jobber/Retailers	3
Service Providers	3

AVERAGE GROSS MARGINS OF SPARK PLUGS

We asked different types of stores what their average gross margins of spark plugs were.

Auto Parts Chain	29%
Independent Parts Store	27
Jobber/Retailers	25
Service Providers	30

AVERAGE NUMBER OF SPARK PLUG SKU

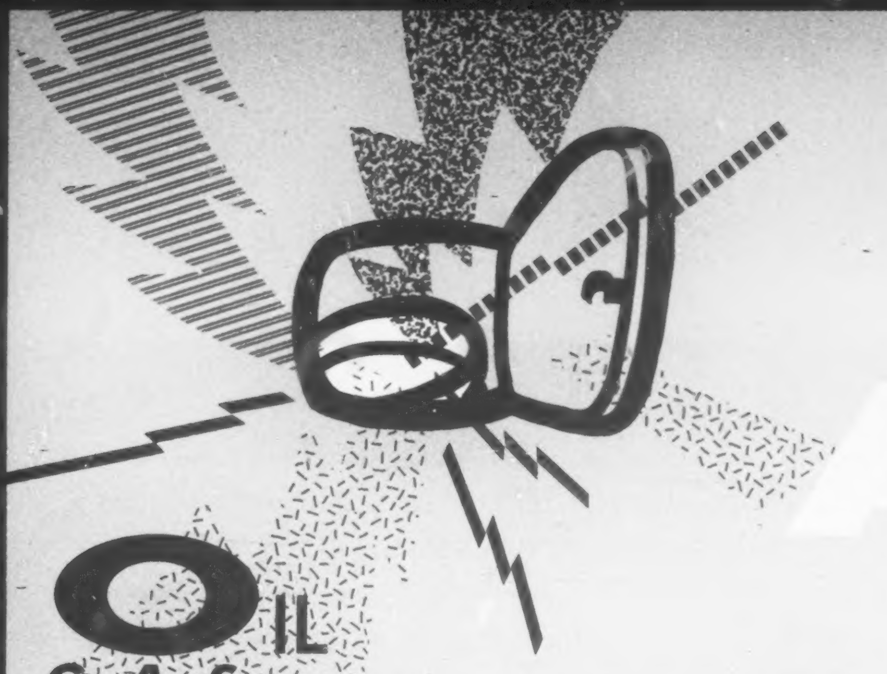
We asked how many SKUs of spark plugs were stocked in an average store.

Auto Parts Chain	353
Independent Parts Store	588
Jobber/Retailers	584
Service Providers	367

SPARK PLUG DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to spark plugs.

Auto Parts Chain	39
Independent Parts Store	34
Jobber/Retailers	37
Service Providers	27



OIL GAS ADDITIVES

OIL/GAS ADDITIVE DISPLAY SPACE
We asked how many linear shelving feet each average store devoted to oil and gas additives.

Auto Parts Chain	13
Independent Parts Store	10
Jobber/Retailers	10
Service Providers	11

AVERAGE NUMBER OF OIL/GAS ADDITIVE SKUs
We asked how many SKUs of oil and gas additives were stocked in an average store.

Auto Parts Chain	28
Independent Parts Store	44
Jobber/Retailers	27
Service Providers	35

AVERAGE GROSS MARGINS OF OIL/GAS ADDITIVES
We asked different types of stores what their average gross margins of oil and gas additives were.

Auto Parts Chain	39%
Independent Parts Store	35
Jobber/Retailers	33
Service Providers	33

OIL/GAS ADDITIVE BRANDS
We asked how many brands of oil and gas additives the average store stocked.

Auto Parts Chain	6
Independent Parts Store	5
Jobber/Retailers	5
Service Providers	5

THE FUTURE OIL/GAS ADDITIVE MARKET
We asked how those involved in aftermarket product sales thought the oil and gas additive market would change.

1-5% Growth	30%
6-10% Growth	21
No Change	15
16-20% Growth	5
11-15% Growth	4

WHO STOCKS OIL/GAS ADDITIVES
We asked different types of stores if they stocked oil and gas additives.

Auto Parts Chain	78%
Independent Parts Store	76
Jobber/Retailers	85
Service Providers	61

At 79%, the full line of oil and gas additives from fuel injector cleaners and lead substitutes to octane boosters and carburetor cleaners are another line of automotive products carried by most of the retailers we surveyed. More than half of these retailers (53%) said that additives account for between 1% and 5% of their total sales. Even so, a third of these retailers said that they do not feel a need to promote additives at all.

Automotive Parts Chain Stores

A total of 79% of automotive parts chains carry additives. The same percentage of auto parts chains as all retailers, 53%, said that additives make up 1% to 5% of their total sales. Almost one third of these chains, 29%, said that they promote additives regularly, at least a dozen or more times a year.

Independent Auto Parts

Additives are carried by slightly over three quarters (76%) of the independents we surveyed. Similar to chains, 45% of these retailers said that additives account for between 1% and 5% of their total sales. In all, 10% more independent auto parts stores than automotive chains, (40%) said that they do not promote additives.

Non-Automotive Retailers

At 85%, non-automotive retailers are most likely to stock additives. Similar to chains and independents, half of these retailers said that additives make up 1% to 5% of their total sales. Almost a third of these retailers, 30%, said that they do not promote additives.

Chains With Service Bays

At 61%, chains with service bays are the least likely retailers to carry additives. A total of 41% of these chains said that additives account for between 1% and 5% of their total sales. Similar to independents and non-automotive retailers, 39% of these chains said that they do not promote additives. ■

TIRE INFLATORS

WHO STOCKS TIRE INFLATORS

We asked different types of stores if they stocked tire inflators.

Auto Parts Chain	67%
Independent Parts Store	58
Jobber/Retailers	71
Service Providers	46

THE FUTURE TIRE INFLATOR MARKET

We asked how those involved in aftermarket product sales thought the tire inflator market would change.

1-5% Growth	34%
No Change	22
6-10% Growth	10
Over 20% Growth	2
11-15% Growth	2

TIRE INFLATOR BRANDS

We asked how many brands of tire inflators the average store stocked.

Auto Parts Chain	2
Independent Parts Store	1
Jobber/Retailers	2
Service Providers	2

AVERAGE GROSS MARGINS OF TIRE INFLATORS

We asked different types of stores what their average gross margins of tire inflators were.

Auto Parts Chain	48%
Independent Parts Store	36
Jobber/Retailers	36
Service Providers	34

AVERAGE NUMBER OF TIRE INFLATOR SKUs.

We asked how many SKUs of antifreeze/coolant were stocked in an average store.

Auto Parts Chain	10
Independent Parts Store	12
Jobber/Retailers	10
Service Providers	8

TIRE INFLATOR DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to tire inflators.

Auto Parts Chain	4
Independent Parts Store	3
Jobber/Retailers	3
Service Providers	3

t 62% of all outlets surveyed stocking them, tire inflators are one of the least commonly stocked of all automotive products. However, nearly half of the retailers we surveyed, 47%, said that tire inflators account for 1% to 5% of their total sales. Approximately 38% do not promote tire inflators.

Automotive Parts Chains

Just over two-thirds of automotive parts chains, 67%, carry tire inflators. More than half of these retailers, 57%, said that inflators make up between 1% and 5% of their total sales. A total of 17%, the largest single group of these retailers, promote inflators twice a year. This is the only significant group of all the different outlets we surveyed who reported promoting tire inflators.

Independent Auto Parts Stores

Independent auto stores tend to differ from chains in regards to tire inflators. For one thing, fewer carry them. Just over half of independent auto parts stores, 58%, stock inflators. Less than half, some 40%, of independents said that inflators account for 1% to 5% of their total sales. Also unlike automotive parts chains, almost half of independent auto parts outlets, 46%, said that they do not promote inflators.

Non-Automotive Retailers

At more than two-thirds, 71%, non-automotive stores are the retailers most likely to carry tire inflators. Just over half of these retailers, 52%, said that tire inflators make up between 1% and 5% of their total sales. Despite this, 43% of non-automotive retailers said that they do not promote inflators.

Chains With Service Bays

At 46%, chains or stores with service bays are the type of retailers least likely to stock tire inflators. A total of 39% said that inflators account for between 1% and 5% of their total sales. The same exact percentage said that they do not promote inflators, similar to independents and non-automotive retailers. ■

PARTS

ANTIFREEZE/ COOLANT

WHO STOCKS ANTIFREEZE/ COOLANT

We asked different types of stores if they stocked antifreeze/coolant.

Auto Parts Chain	85%
Independent Parts Store	88
Jobber/Retailers	92
Service Providers	77

THE FUTURE ANTIFREEZE/COOLANT MARKET

We asked how those involved in aftermarket product sales thought the antifreeze/coolant market would change.

1-5% Growth	28%
No Change	24
6-10% Growth	22
16-20% Growth	7
Over 20% Growth	4

ANTIFREEZE/COOLANT BRANDS

We asked how many brands of antifreeze/coolant the average store stocked.

Auto Parts Chain	2
Independent Parts Store	2
Jobber/Retailers	2
Service Providers	2

AVERAGE GROSS MARGINS OF ANTIFREEZE/COOLANT

We asked different types of stores what their average gross margins of antifreeze/coolant were.

Auto Parts Chain	27%
Independent Parts Store	27
Jobber/Retailers	24
Service Providers	26

AVERAGE NUMBER OF ANTIFREEZE/ COOLANT SKUs

We asked how many SKUs of antifreeze/ coolant were stocked in an average store.

Auto Parts Chain	5
Independent Parts Store	132
Jobber/Retailers	127
Service Providers	29

ANTIFREEZE/COOLANT DISPLAY SPACE

We asked how many square feet each average store devoted to antifreeze/ coolant.

Auto Parts Chain	29
Independent Parts Store	19
Jobber/Retailers	13
Service Providers	28

Antifreeze/coolant is the third most commonly stocked automotive product, carried by 88% of the retailers surveyed. The majority of retailers, 43%, said that antifreeze/coolant makes up between 1% and 5% of their total sales. Almost one quarter of all retailers surveyed said that they do not promote anitfreeze/coolant at all.

Automotive Parts Chain Stores

Approximately 85% of automotive parts chain stores stock antifreeze/coolant. Of these, 35% said that between 1% and 5% of their total sales are from antifreeze/coolant, while another 9% said that between 6% and 10% of their total sales are from antifreeze/coolant. At 17%, the largest single group of of these retailers said that they promote antifreeze/coolant four times a year.

Independent Auto Parts Stores

A similar percentage of independent auto parts stores carries a antifreeze/coolant as chain stores do (88%). Some 43% of these independents said that of their total sales between 1% and 5% are in antifreeze/coolant sales. Another 5% of independents said that antifreeze/coolant comprises between 6% and 10% of their total sales. However, independents differ from chains in the amount of times that antifreeze/coolant is promoted per year. At 35%, the biggest single group of independents said they do not promote antifreeze/coolant at all.

Non-Automotive Retailers

At 92%, non-automotive, general merchandise, retailers are more apt to carry antifreeze/coolant than automotive retailers. Almost half of non-automotive retailers said that between 1% and 5% of their total sales are from antifreeze/coolant. A third of non-automotive retailers said that they promote antifreeze/coolant twice a year.

Chains With Service Bays

At 77%, chains with service bays are less apt to stock antifreeze/coolant than other automotive retailers. Of these chains, 36% said that between 1% and 5% of their total sales are from antifreeze/ coolant. A fifth of these retailers said that they do not promote antifreeze/coolant at all, while another fifth said that they promote antifreeze/coolant once a year. ■

PARTS

BATTERY CHARGERS

Just under two-thirds of the retailers we surveyed (64%) stock battery chargers, ranging from large, plug-in models to small, solar-powered ones. A total of 44% of these retailers said these useful items account for 1% to 5% of their total sales. Exactly one quarter of these retailers do not promote battery chargers.

Automotive Parts Chain Stores

Over two-thirds of automotive parts chain stores (67%) stock battery chargers. More than half of these retailers, 56%, said that chargers make up between 1% and 5% of their total sales. A total of 28% of these retailers, the largest single group, promote chargers twice a year.

Independent Auto Parts Stores

Approximately 56% of these independent auto parts stores carry battery chargers. More than one third of independents, 37%, said that chargers account for 1% to 5% of their total sales. Unlike chains, 36% of independents don't promote chargers.

Non-Automotive Retailers

At 81%, non-automotive stores, including department and discount stores, are the retailers most likely to stock battery chargers. Almost half of these retailers, 48%, said that chargers make up between 1% and 5% of their total sales.

The number of times that these retailers promote chargers tends to vary. Just over one fifth, 21%, do not promote chargers at all, while another 21% promote them twice a year, a figure very close to the largest group of automotive chain stores that promote battery chargers.

Chains With Service Bays

At 48%, chains and stores with service bays are the retailer outlets least likely to stock battery chargers. A total of 41% of these chains said that chargers account for 1% to 5% of their total sales. The same number said that they do not promote chargers. ■

WHO STOCKS BATTERY CHARGERS

We asked different types of stores if they stocked battery chargers.

Auto Parts Chain	67%
Independent Parts Store	56
Jobber/Retailers	81
Service Providers	48

THE FUTURE BATTERY CHARGER MARKET

We asked how those involved in aftermarket product sales thought the battery charger market would change.

No Change	28%
1-5% Growth	28
6-10% Growth	12
Over 20% Growth	3
16-20% Growth	2

BATTERY CHARGER BRANDS

We asked how many brands of battery chargers the average store stocked.

Auto Parts Chain	1
Independent Parts Store	1
Jobber/Retailers	1
Service Providers	1

AVERAGE GROSS MARGINS OF BATTERY CHARGERS

We asked different types of stores what their average gross margins of battery chargers were.

Auto Parts Chain	39%
Independent Parts Store	28
Jobber/Retailers	29
Service Providers	27

AVERAGE NUMBER OF BATTERY CHARGER SKUs

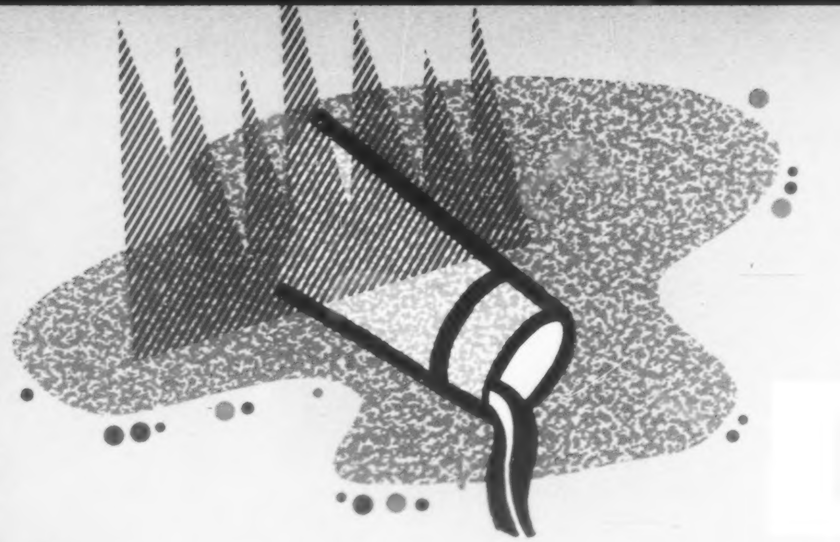
We asked how many SKUs of battery chargers were stocked in an average store.

Auto Parts Chain	6
Independent Parts Store	8
Jobber/Retailers	8
Service Providers	6

BATTERY CHARGER DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to battery chargers.

Auto Parts Chain	8
Independent Parts Store	9
Jobber/Retailers	7
Service Providers	11



ENGINE TREATMENT CHEMICALS

Different from additives, engine treatment chemicals are chemicals added to motor oil and designed specifically to prevent engine wear. A total of 70% of the retailers we surveyed carry engine treatment chemicals. Nearly half of these retailers said that engine treatment chemicals account for between 1% and 5% of their total sales. One third of these retailers said that they do not promote engine treatment chemicals at all.

Automotive Parts Chain Stores

Almost three quarters of the automotive parts chains that we surveyed carry engine treatment chemicals. More than half of these chains, 55%, said that these treatment chemicals make up 1% to 5% of their total sales. Unlike other retailers, 15% (the largest single group) of these chains said that they promote engine treatment chemicals 12 or more times per year.

Independent Auto Parts Stores

Two-thirds of independent auto parts stores carry engine treatment chemicals. Approximately 40% of independents said that these treatment chemicals account for between 1% and 5% of their total sales. A total of 41% said that they never promote engine treatment chemicals.

Non-Automotive Retailers

More than three quarters of non-automotive retailers, 78%, carry engine treatment chemicals. Just over half of these retailers, 52%, said that these treatment chemicals make up 1% to 5% of their total sales. Almost one third of these retailers, 30%, said that they do not promote engine treatment chemicals.

Chains With Service Bays

At 57%, chains with service bays are the retailers least likely to carry engine treatment chemicals. Similar to independents, 40% of these chains said that engine treatment chemicals account for between 1% and 5% of their total sales. Also similar to independents is the fact that 37% of these chains do not promote engine treatment chemicals. ■

WHO STOCKS ENGINE TREATMENT CHEMICALS

We asked different types of stores if they stocked engine treatment chemicals.

Auto Parts Chain	74%
Independent Parts Store	66
Jobber/Retailers	78
Service Providers	57

THE FUTURE ENGINE TREATMENT CHEMICAL MARKET

We asked how those involved in aftermarket product sales thought the engine treatment chemical market would change.

1-5% Growth	31%
No Change	18
6-10% Growth	17
Over 20% Growth	4
11-15% Growth	4

ENGINE TREATMENT CHEMICAL BRANDS

We asked how many brands of engine treatment chemicals the average store stocked.

Auto Parts Chain	5
Independent Parts Store	3
Jobber/Retailers	3
Service Providers	4

AVERAGE GROSS MARGINS OF ENGINE TREATMENT CHEMICALS

We asked different types of stores what their average gross margins of engine treatment chemicals were.

Auto Parts Chain	41%
Independent Parts Store	32
Jobber/Retailers	32
Service Providers	30

AVERAGE NUMBER OF ENGINE TREATMENT CHEMICAL SKUs

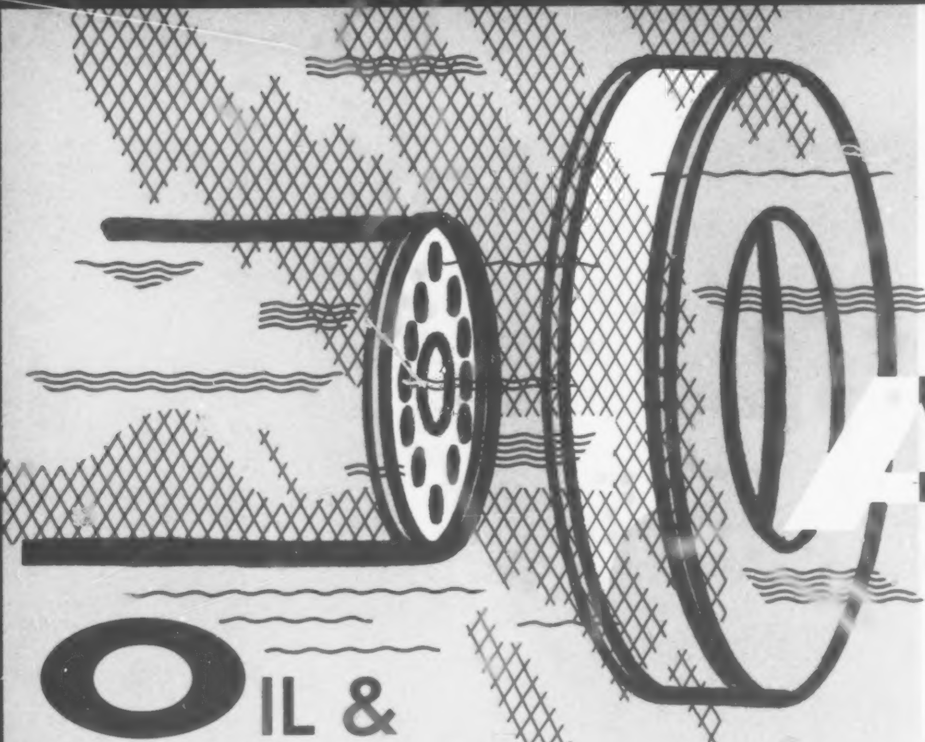
We asked how many SKUs of engine treatment chemicals were stocked in an average store.

Auto Parts Chain	14
Independent Parts Store	20
Jobber/Retailers	23
Service Providers	14

ENGINE TREATMENT CHEMICAL DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to engine treatment chemicals.

Auto Parts Chain	7
Independent Parts Store	6
Jobber/Retailers	5
Service Providers	8



PARTS

OIL & AIR FILTER

At 89%, air and oil filters are the second most commonly stocked automotive product among the retailers we surveyed. Just over one fifth of these retailers, 22%, said that filters account for between 6% and 10% of their total sales. Another 20% said that filters make up between 1% and 5% of their total sales. Almost one fifth, 19%, said that they do not promote filters.

Automotive Parts Chain Stores

At 96%, automotive parts chains are the retailers most likely to carry filters. More than a third of these retailers, 35%, said that filters account for between 1% and 5% of their total sales. Another 15% said that filters make up 6% to 10% of their total sales. More than one quarter of these retailers said that they promote filters 12 or more times per year.

Independent Auto Parts Stores

A total of 87% of independent auto parts stores carry filters. Nearly one quarter of these independents, 23%, said that filters make up between 6% and 10% of their total sales. At 24%, nearly the same number of independents don't promote filters.

Non-Automotive Chains

Similar to automotive parts chains, 95% of non-automotive retailers stock filters. Nearly one quarter, 23%, said that filters make up between 6% and 10% of their total sales. Approximately 13% said that filters account for 1% to 5% of their total sales, while another 13% said that filters make up between 11% and 15% of their total sales. Just over one fifth, 21%, said that they promote filters twice a year.

Chains With Service Bays

At 80%, chains with service bays are the retailers least likely to stock filters. Unlike other retailers, 24% of these chains said that filters account for 1% to 5% of their total sales. Another 14% said that filters make up between 6% and 10% of their total sales. Almost one fifth, 19%, said that they don't promote filters, while another 17% said that they promote filters 12 or more times per year. ■

OIL/AIR FILTER DISPLAY SPACE

We asked how many linear shelving feet each average store devoted to oil and air filters.

Auto Parts Chain	77
Independent Parts Store	80
Jobber/Retailers	66
Service Providers	67

AVERAGE NUMBER OF OIL/AIR FILTERS SKUs

We asked how many SKUs of oil and air filters were stocked in an average store.

Auto Parts Chain	202
Independent Parts Store	274
Jobber/Retailers	600
Service Providers	203

AVERAGE GROSS MARGINS OF OIL/AIR FILTERS

We asked different types of stores what their average gross margins of oil and air filters were.

Auto Parts Chain	41%
Independent Parts Store	32
Jobber/Retailers	33
Service Providers	34

OIL/AIR FILTER BRANDS

We asked how many brands of oil and air filters the average store stocked.

Auto Parts Chain	3
Independent Parts Store	2
Jobber/Retailers	2
Service Providers	2

THE FUTURE OIL/AIR FILTER MARKET

We asked how those involved in aftermarket product sales thought the oil and air filter market would change.

1-5% Growth	28%
6-10% Growth	28
16-20% Growth	7
11-15% Growth	6
No Change	6

WHO STOCKS OIL/AIR FILTERS

We asked different types of stores if they stocked oil and air filters.

Auto Parts Chain	96%
Independent Parts Store	87
Jobber/Retailers	95
Service Providers	80

Fall/Winter Guide:

Are Consumers Ready To Buy?

Retailers are cautiously optimistic about the upcoming sales season. But they're not taking chances.

by **Wendy Kaplan Ampolsk,** Contributing Editor

On the whole, retailers across the country are expecting a much better fall/winter season in 1991 than they had last year – good news for the aftermarket.

The cautious optimism reflected by a majority of Reader Panelists surveyed by *Automotive Marketing* – 88% of those answering the survey expected a better selling season this year – mirrors the economic indicators for the business community as a whole.

Economy Is Improving

According to *The Wall Street Journal*, a recent Livingston Survey, published by the Federal Reserve Bank of Philadelphia, says the recession is over and a "modest" economic recovery is in progress.

According to the survey, which questioned 70 economists, the recovery began sometime this spring, between April and June. But that does not mean that the business picture is entirely rosy. "The consensus is that real gross national product, a measure of the output of the nation's goods and services, will grow at a meager 2.2% annual rate through the middle of 1992, compared with an average real growth of 6% in the first year of the past eight expansions," said *The Wall Street Journal*. This suggests that unemployment will be slow to improve. But economists are predicting prices will rise only 3.4% in 1991, less than the considerable 6% rise in 1990.

The tone and pace of the recovery will be controlled by consumers, said the survey, which expects retail sales to improve in the second half of this year.

Who Prepares Their Vehicles?

If consumers control the recovery, then they will also control the success of the upcoming fall/winter selling season. Retailers are well aware of that, but they are also realistic about just how much consumers can be expected to buy this season.

"I don't believe the recession's over," said Art Badgley of Art's Precision Automotive in southern Illinois. "I look for many people on the public dole this winter."

"I would say retail should expect a rough next 18 months," predicts a Florida respondent who asked not to be named.

A respondent in Tulsa, OK, said, "The customer trend has changed. Customers now fix only what is broken, regardless of education on preventive maintenance. This is possibly due to the poor economy. We are in a flat economy here, but we are working on store appearance and adjusting marketing planning and strategies to hopefully produce an increase in sales."

As a retailer in Winston Salem, NC, explained: "A change in the economy would help most. DIYers are fixing only what breaks at this time. As a result, we are hoping to at least match our sales for last year. This is the first time we have expected a no-growth year. We have always had a 5% or more sales growth over the last 14 years."

We asked retailers what percentage of their customers planned ahead by preparing their vehicles for winter weather. Despite the fact that consumers are keeping their cars longer, and therefore could be expected to pay extra attention to maintenance, only about half of them plan ahead by preparing for winter. Thirty-eight percent of the respondents to our survey said that from 50-74% of their customers plan ahead for winter. The good news is that number is up eight percentage points from last year, and six percentage points from 1985, when the economy was in better shape. The bad news is that only 4% of our respondents expected over 75% of their customers to prepare for winter.

A retailer in Arnold, CA, who expects only 20% of his customers to prepare their cars for winter, attributes this lack of preparation to human nature rather than the economy. "DIYers never do seem to anticipate cold weather problems," he said. He is countering this problem by offering POP winterizing tips and by carefully following long-range weather forecasts in order to communicate effectively with his customers.

How DIYers Prepare

Those who do prepare for winter, however, are expected to boost fall/winter sales. Seventy-one percent of our Reader Panel respondents said that their customers check and add antifreeze/coolant; 53% said their DIY customers buy new wipers and windshield washer fluid. Consumers can be expected to stock up on deicers, dry gas and the like, and 31% of the survey respondents said they expect their DIY customers to flush their radiators and change the antifreeze/coolant, and check their batteries and ignition. Tune-ups were low on the list, at 22%, as were safety accessories, at 12%. And yet safety accessories are good add-on items.

"We display fire extinguishers, flares, triangles and so forth," said a retailer at Foster Auto Supply, Denver, CO. Others mention safety items in their winter car care flyers, or use them in POP displays.

Hot Sellers for 1991

Whether or not DIYers are adequately prepared this year, one thing is certain, according to the *Automotive Marketing* Reader Panel Survey. Batteries, once again, will be the top sellers. Sixty-five percent of our reader respondents rated batteries as a product line that could expect hot sales this fall/winter season.

One reason for the continued strong performance of batteries is the increasing age of the cars still on the road. That's not a factor that will change significantly in the next few years. Consumers are still holding on to their cars, and battery replacement is a task most DIYers can handle. Those who can't still shop around for the best battery prices, even if they have to pay to have that battery installed professionally.

The strongest influence on battery sales, of course, is the weather. The severity of the weather in many areas of the country during the last few years has contributed significantly to battery sales. A retailer in Florida, for instance, says his area is still trying to recover from a severe freeze. He is worried about the overall effect on his sales picture, as his customers suffered economic setbacks from the freeze – but he expects batteries to be strong sellers anyway. Other retailers around the country are predicting similar sales increases.

Batteries and chargers need to be strongly promoted, however, if these sales are to be realized. Retailers suggest using window signs, flyers, direct mail and radio ads. A majority of our Reader Panel respondents also suggest seasonal endcap displays. And at least one retailer asks that battery manufacturers increase their own promotions. "Whatever is being heavily advertised by the manufacturers is what sells," he said.

After batteries, Reader Panel respondents expect chemicals and antifreeze/coolant to be very hot sellers this season. Forty-seven percent of the Reader Panel respondents listed chemicals as hot sellers. And, in a significant change from last year, 45% expected antifreeze/coolant to sell very well in 1991-92.

This is not an insignificant prediction. At the tail end of the '80s and on into 1990, retailers saw their heretofore predictable antifreeze/coolant sales dwindle alarmingly because of rising prices. When the cost of the main antifreeze ingredient, ethelene glycol, skyrocketed, retail prices reflected the price increase. Consumers responded by opting not to change their antifreeze/coolant, and sales diminished. This year, the picture is better. "I think antifreeze/coolant will be hot, with prices down this year," said a retailer in Wisconsin. "Most people didn't change their antifreeze the last two years, so they really have to now."

This point of view is echoed by Frank McKulka, director of automotive products business at BASF Corp., Parsippany, NJ, makers of Zerex® antifreeze/coolant products. "Retailers are well-founded in their optimism," he said. "The only difference this year is that there will be less consumer rebates. As far as 1991 sales, we anticipate high volume, high demand and good consumer response."

According to Rick Bowen, vice president/marketing at First Brands Corp., Danbury, CT, makers of Prestone antifreeze/coolant products, "Conditions are appearing more favorable for a good antifreeze season, although it's difficult to predict the future. Over the past 10-12 months, ethelene glycol prices have been very volatile. Relatively speaking, they are more stable at this time. That, combined with the good economic news, is more conducive to good sales."

"Last year, there was light demand," said John F. Noel, marketing director for specialty products at Quaker State Oil Refining Corp., Oil City, PA. "The Gulf War brought the speculative nature of ethelene glycol to light. The very announcement of the War brought instant massive orders of antifreeze/coolant. Then orders died down. This year has been slow so far because the volume ordered didn't sell to the consumer. The pipeline is comfortably supplied at this time – it will respond to the pent-up demand by consumers who realize they haven't changed their anti-freeze in some time. This will be a good, strong actual-use year. Not a record year, but a good year."

And what of those consumers who postponed changing their antifreeze/coolant for two years and postpone it again this year? Retailers can then expect more sales of replacement cooling system parts. Any way you look at it, say retailers, the picture is positive.

Other products expected to sell well this year are ignition parts, oil filters, motor oil, spark plugs and brake parts.

The Accessories Picture

Don't, however, look for strong sales of discretionary accessories, say retailers.

HOW DO DIYERS PREPARE?

We asked our readers what DIYers are most likely to do in preparing their vehicles for winter.

Check, add antifreeze/coolant	71%
Buy new wipers, windshield washer fluid	53
Stock up on deicers, dry gas, etc.	41
Flush radiator, change antifreeze/coolant	31
Check battery, ignition	31
Tune-up	22
Buy safety accessories	12

Numbers total more than 100% due to multiple responses
Source *Automotive Marketing* Reader Panel

WHAT'S GOING TO SELL?

Retailers were asked to name the three areas in which they expect growth this fall/winter selling season. Batteries, not surprisingly, were listed most often by retailer respondents.

Batteries	65%
Chemicals	47
Antifreeze	45
Ignition Parts	24
Oil Filters	24
Motor Oil	24
Spark Plugs	24
Parts for Imports	16
Shocks/Struts	16
Light Truck Items	14
Lighting	12

Percentages total over 100% due to multiple responses
Source *Automotive Marketing* Reader Panel

HOW MANY DIYERS PREPARE THEIR VEHICLES

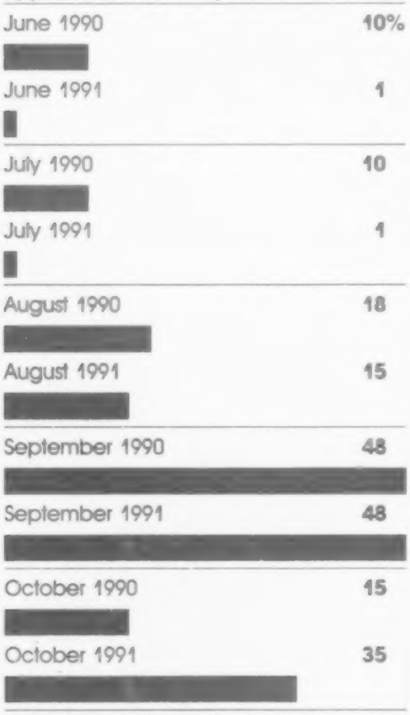
We asked our readers what percentage of their customers planned ahead by winterizing their vehicles. Our readers feel consumers will be about as prepared as they've always been—even though they're keeping their vehicles longer now than before.

	Over 75% prepare	50-74% prepare	25-49% prepare	Under 25% prepare
1985	29%	32	19	20
1990	14	30	30	26
1991	4	38	26	30

Source *Automotive Marketing* Reader Panel

WHEN RETAILERS BUY

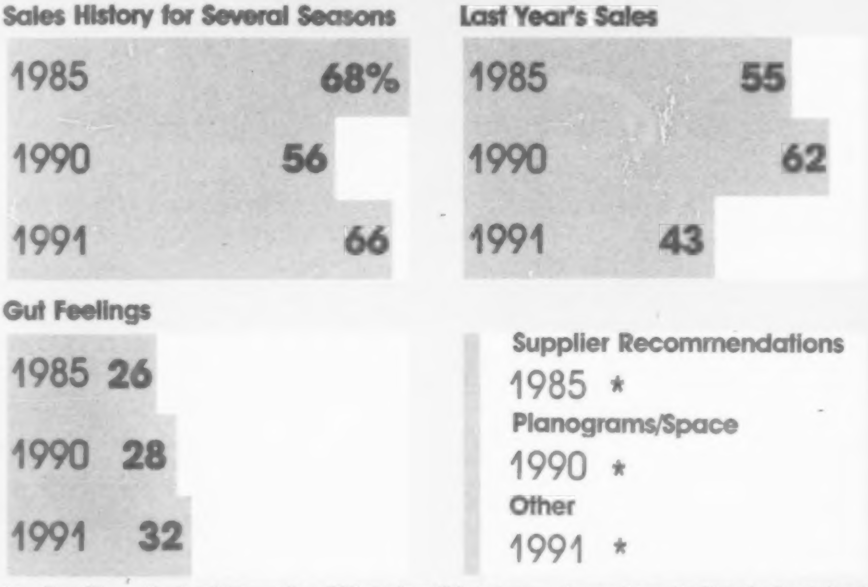
We asked our readers by which month they'd finished making their fall/winter purchases. As manufacturers know, retailers have been postponing buying decisions in favor of carrying a lean inventory. Over a third are postponing their purchases until October this year as opposed to 15% last year.



Source: *Automotive Marketing Reader Panel*

HOW RETAILERS BUY

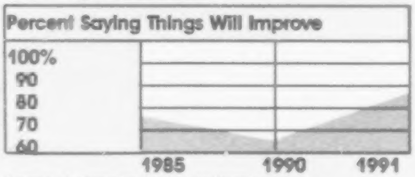
We asked retailers how they determine how much and what they will buy for the fall/winter selling season. Retailers are relying less on last year's sales and more on sales history and gut instinct than in previous years.



* Less Than 1% Numbers total more than 100% due to multiple responses Source: *Automotive Marketing* Reader Panel

WILL THINGS GET BETTER?

We asked our readers whether or not they expected a better fall/winter selling season this year than in the previous year. Our readers are much more optimistic this year, even more than they were six years ago when the economy was better.



Source: *Automotive Marketing Reader Panel*

We asked Reader Panelists: "What do you expect will be the hot accessories this fall/winter?" Sixty-two percent declined to answer the question. The remaining answers were largely conservative. Rather than listing fad items or purely decorative accessories, most of the answers were practical, listing products that don't really fall into the accessories category. These included snow tires, "repair items related to poor preventive maintenance", fuel injection chemicals, tires and wheels, windshield chemicals and ice scrapers, antifreeze/coolant, engine additives and the like.

Very few respondents listed discretionary items. "Disposable income is still low, and we expect a majority of consumers will opt for holding off on buying many accessories," said J. Alexander III, president of the 31-store Parts City chain, headquartered in Atlanta. "Accessories sales fall off dramatically in fall/winter in Wisconsin," explained a Milwaukee retailer, who did say that the "hot color" accessories did very well for him this spring. "Euro-look" wipers (color models), seat beads, dash mats, bras and steering wheel covers were mentioned by some retailers. But most expect consumers to hold off on discretionary items this year until the improving economy has made a difference in their pocketbooks.

How to Order

Perhaps the biggest change in retail operations as the auto aftermarket tackles the '90s is the change in predictable ordering patterns. In 1985, a time of relative stability in the economy, retailers placed their fall/winter orders in a predictable fashion. That year, 68% of our Reader Panel respondents ordered on the basis of several seasons' sales history. Fifty-five percent ordered on the basis of the previous year's sales, and 26% relied on gut instinct. Those numbers have changed somewhat.

This year, 66% of our survey respondents plan to order based on several seasons worth of sales history. That's up from the 56% who planned to order that way last year, and slightly down from the 68% in 1985. Less than half of this year's survey respondents, however, plan on ordering solely on last year's sales. This is a positive trend. Last year, 62% were planning on using the previous year's sales history, because sales were so bad. This year, things are expected to improve, and only 43% of respondents plan on using 1990 alone as a sales criterion.

Gut feelings – an instinct for what will sell – are strong this year. Thirty-two percent of the survey respondents said they will rely on their instincts when placing orders, as opposed to 28% last year, and 26% in 1985.

Cutting Down On Inventory

When it comes to inventory, retailers are opting to run lean and mean, for fear of being saddled with leftover stock if sales are slow. This change is reflected in the buying patterns used by our survey respondents. A whopping 35% of our respondents are postponing their ordering until October this year, which is well into the fall selling season. As in 1990, 48% are ordering in September, also late, as September is the official start of the back-to-work, back-to-school fall season.

A scant 17% are ordering their fall/winter products this summer, down from 38% last year. This is definitely lean and mean – the question is, if consumer demand is up, will retailers who have postponed their buying be able to meet that demand in time? Or will they be in a position where they cannot deliver the goods to a consumer who wants to make a purchase? The answer remains to be seen. "We are close to our market, and try to buy what our consumers want and need," said a Tulsa, OK, retailer. "We do not want to over-buy. Our main objective is to have what the consumers need and to make a profit." ■

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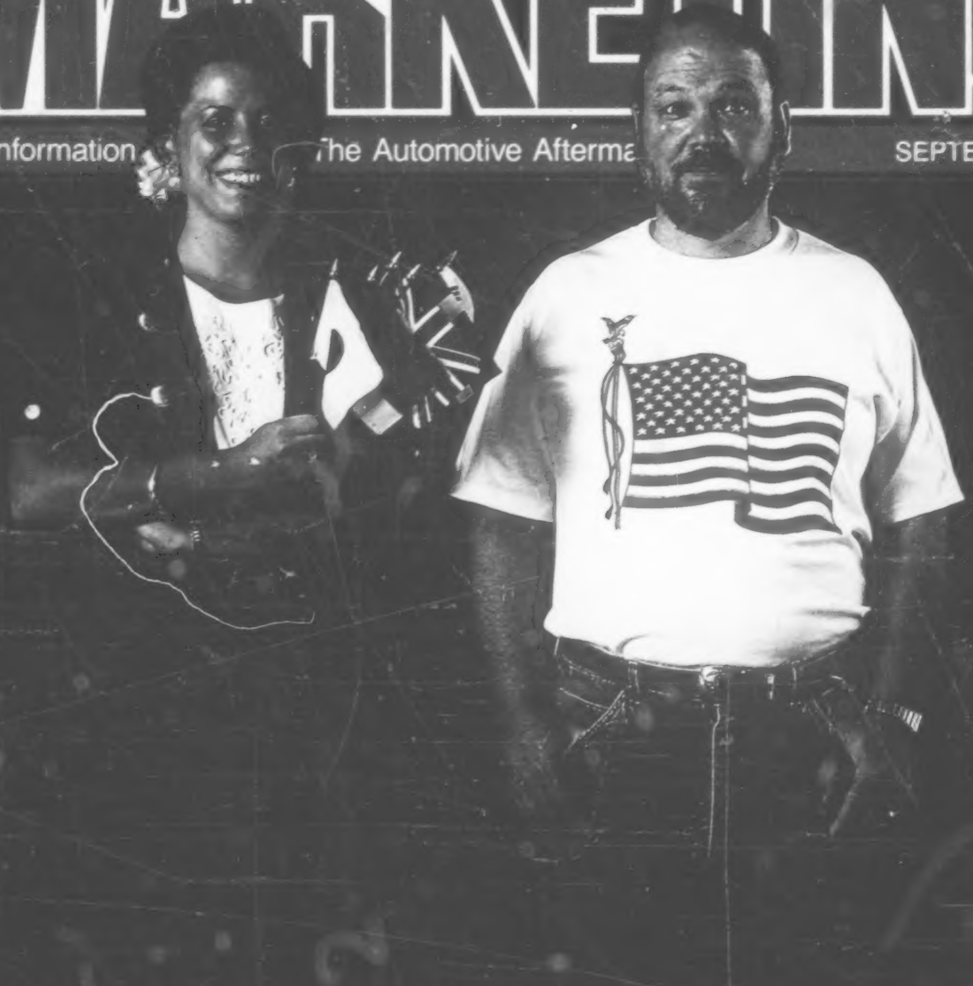

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SEPTEMBER ISSUE/VOLUME 20, NUMBER 9

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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Phil Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

William H. Wolfe,
Senior Contributing Editor

Wendy Ampolsk,
Contributing Editor

Regis D'Angiolini,
Editorial Intern

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

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CHILTON OFFICERS
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MARKET LINE

SERVICE MARKET

Nuances In The Nineties; Will More Auto Chain Stores Add Service Bays?

Checking over our annual list of the Top 100 auto chains we discovered that Strafco (Straus-Frank Co.), a 94-store Carquest jobber chain in San Antonio, TX, also operated 37 service bays. While in recent months, retailers Champion Auto, New Hope, MN, and ADAP, Avon, MA, had decided to get into service, we had never heard of a jobber chain willing to compete with wholesale installer customers.

"We're not too proud of it," Roger Pritt, vice president of operations at Straus-Frank, conceded. "We acquired a bunch of stores in Houston that had service as an integral part of their business. It's not our philosophy. We had nine stores and reduced them to seven. At those locations, service is ongoing. But we're not interested in service bays on a large scale. We have no plans to sell these stores, but we don't want any more service bays."

Pritt described the service operation as doing mostly undercar services: "Brakes, mufflers, shocks. We sell tires, alignments. It's very similar to Western Auto, but the store is not as retail oriented." All seven stores are profitable, Pritt said.

Jobber chains, to be sure, have large numbers of installer customers who do not appreciate jobbers opening competing service bays. Retail chains, however, don't have this problem, and many are considering opening bays. ADAP, which plans to test a prototype service operation in Saugus, MA, next year, reasoned this way, according to vice president and general manager Wayne Yodzio: "We felt we had to make a decision on what kind of retailer we wanted to be. If you want to sell parts to local installers you have to deliver and you need accounts. The DIY business, in certain categories, is stagnant or declining. To be a major player you need to get into service."

Right now, Yodzio sees the potential service operation as "exactly like a Pep Boys or Western Auto" with service managers reporting to a head of service separate and distinct from the over-the-counter operation. "But we have no long term plans yet. I've heard too many former ADAP management people tell us what we're going to be. All I can say is that we're going to be profitable. We're going to test one prototype operation and get it right."

Service bays offer the retailer the chance to reach the non-DIYer, especially women, offer a hedge against declining DIY sales and differentiate the chain from competitors.

The debate over whether or not DIY sales will decline drastically in the 1990s has been argued for some time. At least one chain we know of claims its hard part sales (past filters and plugs) have fallen in half in the past three years. All we can add is that our *Consumer Automotive Repair Study (CARS)* suggests that DIY is *not* declining: "Despite talk about increasingly difficult automotive technology decreasing how much DIY is done," we wrote in March, 1991, "vehicle maintainers aren't aware of being unable to do the work. In all, 44% said they're doing as much work now as they did five years ago, while 31% said they'd increased how much DIY they do. And, 58% expected to do as much DIY in the future as they're doing now, while another quarter more said that they'll be doing more in the future than now."

Still, the national demographics support service over DIY sales. Dan Bock, president of Carquest, Tarrytown, NY summed up the reasons nicely:

- More women owning cars with little time, motivation or experience to fix their own car;
- The quality and complexity of new automotive technology discourages casual DIYers;
- The increasing number of import cars;
- An aging population. DIY declines with age.

At Champion Auto, New Hope, MN, which recently purchased the Crown Auto stores from Phoenix-based Northern Automotive mainly because Crown has service bays, executive vice president

AUTO CHAIN SERVICE BAYS MARKET SHARE

Auto chain stores have roughly 2% of the service bays and gain about 1.8% of the total market. Based on the 1991 *Consumer Automotive Repair Study (CARS)*, here is the market share of auto chain store service facilities for several popular auto repairs.

Type Repair	Auto Chain Service Bay Share
Battery replacement	5.4%
Electronic accessories	5.2%
Exhaust system parts	4.9%
Oil change	4.4%
Brake system parts	4.2%
Tuneup work	2.8%
Engine parts	2.6%
Fuel system parts	2.5%
Front end parts	2.4%
Starting/charging system	2.4%

Source: *Automotive Marketing 1991 Consumer Automotive Repair Study.*

Dean Bilbe, noted, "The do-it-for-me revolution is going to come to the forefront. So we want both formats. It's not that there's not going to be any DIY in the future, but that we want to be able to take care of both types of customers." All new Champion company stores will have service while franchisees will have the choice of service bays or DIY only.

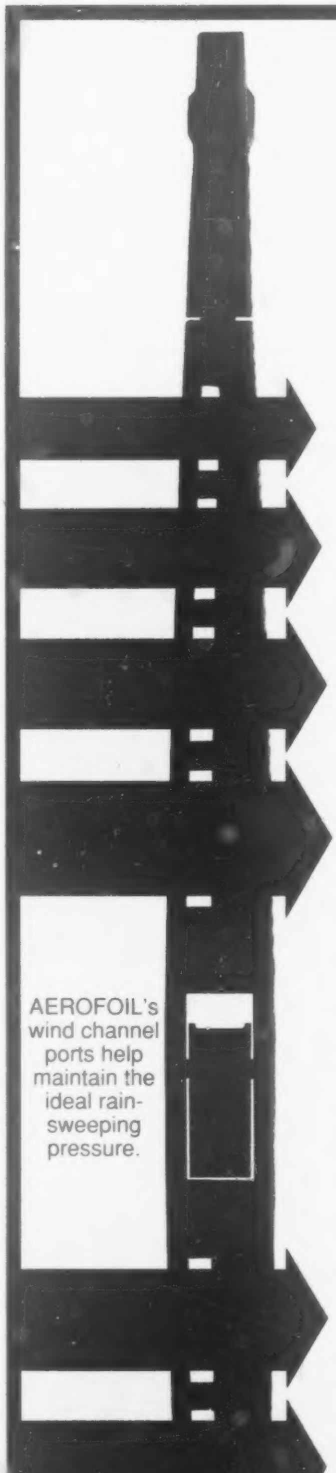
The service market these chains are entering is going through some serious changes. Right now, the auto chains have a very small share of the service market. Ed Kaufman, president of Lindsey-Kaufman Co., Tenefly, NJ, puts the dollar sales figure at about $1.8 billion out of a total service market of about $61.1 billion.

Auto chains with service bays tend to be chains that make tire sales a key part of their presentation. To sell tires successfully, you have to have service bays. And several auto chains do surprisingly well at selling tires. For example, the Pep Boys, Philadelphia, Cornell private brand has about a 1.5% share of the tire market, up about 0.5% in the last two years, according to *Modern Tire Dealer*. Tire sales account for roughly 11% of Pep Boy total sales, which makes the tire business worth about $90 million to Manny, Moe and Jack.

There is also the Cordovan brand, sold exclusively by retailers such as Grand Auto, R&S Strauss, and independent tire stores. It has a 2% market share. Then, there's Western Auto, Kansas City, whose Sentry brand alone has a 2% share of the tire market. The Sentry line has also increased by a half-percent in the last two years. In 1988, just before it was acquired by Sears, Western Auto gobbled up NTW and Tire America, which accounted for almost $200 million in tire sales. Tire market analysts believe Western Auto accounts for about 6.5% of the total tire market along with parent Sears' 8% of the market.

While tire sales are profitable, they also drive a service business. Each tire sale leads to a guaranteed wheel balancing, a probable alignment, and at least the chance to inspect the underside of the car for potential suspension, exhaust, and brake work.

If you're inspecting the underside of the car, the logical next step is to be able to repair that underside: suspension, exhaust, brakes. And that's the area that most auto chains have emphasized. However, these are the most competitive areas of service work, and are growing more competitive due to changes in the service market. Within the market, the players have been changing for some time and the 1990s will see this trend continue. The 1990s will be a highly competitive decade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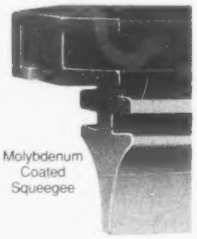

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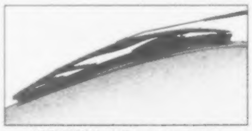

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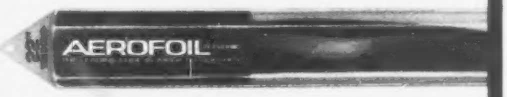

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in service, at least for some service work.

A study by the Motor Equipment Manufacturers Association (MEMA), Englewood Cliffs, NJ, and Echlin Inc., Branford, CT, suggests that the service station will play a much smaller role in parts sales by the end of the decade, falling from 34% of parts sales (professional market only) in 1985 to about 20% in 2000. Who will pick up the lost business? The big winners will be new car dealers (from 19% to 25%) and tire stores (from 5% to 11%). Also gaining will be garages (12% to 15%), specialists (11% to 14%), and auto parts stores (from 6% to 9%).

So auto parts stores will increase service sales, according to a major parts manufacturers. But not in all areas. Probably not in repairs that require diagnostic work. The key reason is technology. The vehicles built in the 1980s are the first generation to require a heavy investment by repair facilites to repair or work on the vehicles. Ignition, fuel management, engine controls and electronics are all vehicle systems that have undergone, and are continuing to undergo, huge changes.

Who can make this investment? The corner gas station or garage probably can't, although periodically the oil companies make noises about getting back into the repair business. Those that can invest are car dealers. Car dealers have to keep up with equipment and mechanic training because of warranties and OE repair requirements. And, many tire stores made the investment in the 1980s to survive as tire sales fell off. The average independent tire store does about a third of its sales through service. Both Firestone's Master Care and Goodyear's Certified Car Care programs began in the 1980s and account for some 3,000 stores.

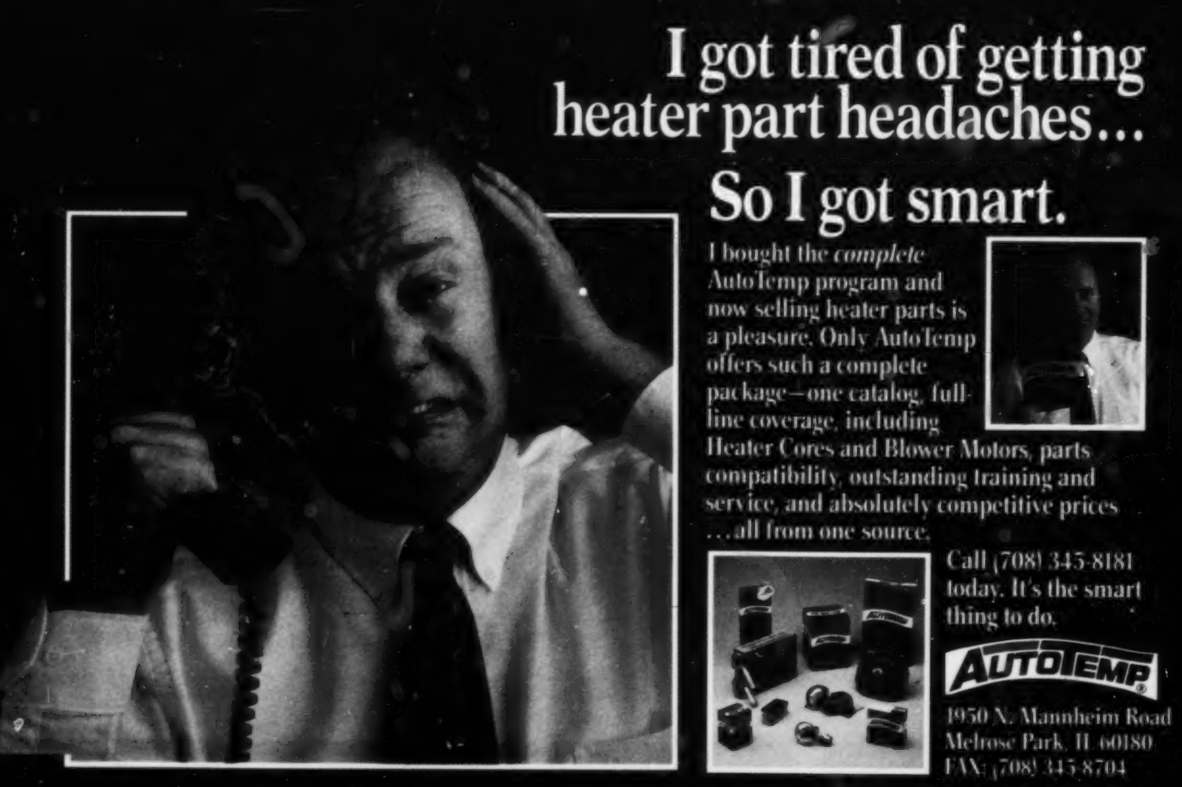
Analyzing Carquest service dealer customers, Bock said he expects the market for complex repairs to split into two groups: independent garages doing labor intensive work; and diagnostic chains such as Firestone and Sohio Procare becoming diagnostic chains. At the same time, he expects independent garages to lose a lot of the brake-shock-exhaust business to specialists and chains because of the national chains' better advertising and better locations.

One of the most aggressive competing programs for this business will be at Western Auto. At last year's Frost & Sullivan conference, Western president John Barlow said the chain's mission statement was simple: "We're going to solve the customer's problems. Primarily in DIY, secondarily with service. The main driving force for us today is service and installation."

According to Barlow, labor accounts for about 11% of Western Auto revenue, and parts sales through the service bays another 22%. So roughly a third of Western Auto sales are in the service bays. And Barlow wants more. Right now each bay provides about $30-35,000 of revenue; ideally, it would be closer to $50-55,000 per year.

And where will increased sales come from? The specialists. "We look at potentials by category: brakes, shocks, starting/cooling systems. Many services done by specialists can be lured away. Only Midas is entrenched in exhaust. You'll see several other segments attacked by chains."

At Pep Boys, president and CEO Mitch Leibowitz said the chain's service bays are there mainly to install anything Pep Boys sells. "We would not sell as many tires if we did not provide installation. The same holds true for batteries, shocks, parts, and accessories." Since 1980, Pep Boys has been beefing up its service operation. Until then it was subservient to DIY sales.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Part of the reason for the change was the decrease in gas stations and car dealers gave retailers the chance to fill the gap in service outlets.

Other chains with more than 100 service bays are R&S Strauss, Union, NJ; Nationwise, Columbus, OH; Super Shops, Newport Beach, CA; Quality Stores, North Muskegon, MI; and Grand Auto, part of PACCAR, Renton, WA.

Right now, despite the advantages and successes of other chains, the chances of many more chains jumping into service is slim. For one thing, the price to enter the market is high. Higher real estate, building costs, expensive equipment, and complex, costly recruiting and keeping service personnel all present serious challenges. And, running a service operation is not an easy job.

Roger Pritt said, "There are a lot of people looking for a way to build a better mousetrap when they ought to be looking at the basics. They ought to get better at running their everyday, core business. There'll always be a place for the retailer."

And, finally, as Fran Lebreque, who started the ADAP chain in the early 1980s, once explained why he wanted no part of service, "Putting your chain's reputation into the hands of mechanics delivering good car care is a much more elusive task than presenting customers with a well-stocked store." ■

Action Auto Plans To Escape Chapter 11

A year after filing Chapter 11 bankruptcy, Action Auto, Flint, MI, filed a reorganization plan that president Dick Sabo said will bring the company back to 50 stores and a combined DIY/service strategy by year end. The plan also calls for Action to remain a public company.

The centerpiece of the plan calls for Action to sell 30 stores to Total Petroleum, Denver, and for Total Petroleum to assume leases on 35 more for $14 million. Total had sales of $2.17 billion in 1990, according to Standard and Poors Corporate Guide. The company operates 2,698 gas stations (ranked 14 among the major oil companies) and pumped 1.8 billion gallons of gasoline in 1990, 1.5% of total U.S. gasoline sales, according to the *National Petroleum News*. About 600 of its stations have convenience stores attached.

"Total will sell gas and operate convenience stores at 65 former Action Auto stores," Sabo said. "About 50 of these stores have six service bays in each. Those 50 will be remodeled and the stores cut in half. One half will be for Total and one half for Action Auto stores."

The split will leave Action with about 2,500 square feet of retail selling space and a six-bay service operation. "The new Action Auto stores will have a parts, service, and tire format," Sabo said. "We're going to make a stronger thrust in service and tires. Inside we'll lose some accessories like light truck and performance items that require space. We'll lose the gas sale that made up about half our total sales. But that was a high volume, low profit business anyway."

The second part of the plan calls for selling off excess inventory, real estate to raise capital and fresh investment capital from a new investment group consisting of a New Jersey investment group Somerset Holdings Limited and the "present management of Action Auto."

"After restructuring," Sabo said, "we'll be in good shape. There will be no debt, we have major money backing from Somerset, and we'll have a small infrastructure. We're going to lease so there's no occupancy costs. The environmental problems will be behind us. We'll be dealing in our highest profit line: service. We want to expand the service business. The tire program we'd started with Metro 25 went on hold. That will be a major part of business."

But right now, the main idea is to get the plan approved, use assets to pay off the creditors and get back in the auto parts and service business. "If there's no objections to the plan," Sabo concluded, "by the end of 1992, we'll be back up to 50 stores plus."

At press time, there was no decision by the creditors and court on whether or not Action Auto's plan was accepted. ■

RETAILERS

Canadian Tire Opens First Auto Source Warehouses

"You'd think you died and went to heaven" was the advertising teaser that preceded the opening of the first two Canadian Tire-owned Auto Source auto warehouse stores in Indianapolis in July.

The stores are both roughly 47,000 square feet with about 30,000 square feet devoted to retail sales. The remaining footage holds 24 service bays with two bays exclusively for quick lube work.

The two are the first of what Canadian Tire, (Toronto, Canada) hopes will be a chain of 100-120 similar warehouse stores spread across the U.S. Midwest. Canadi-

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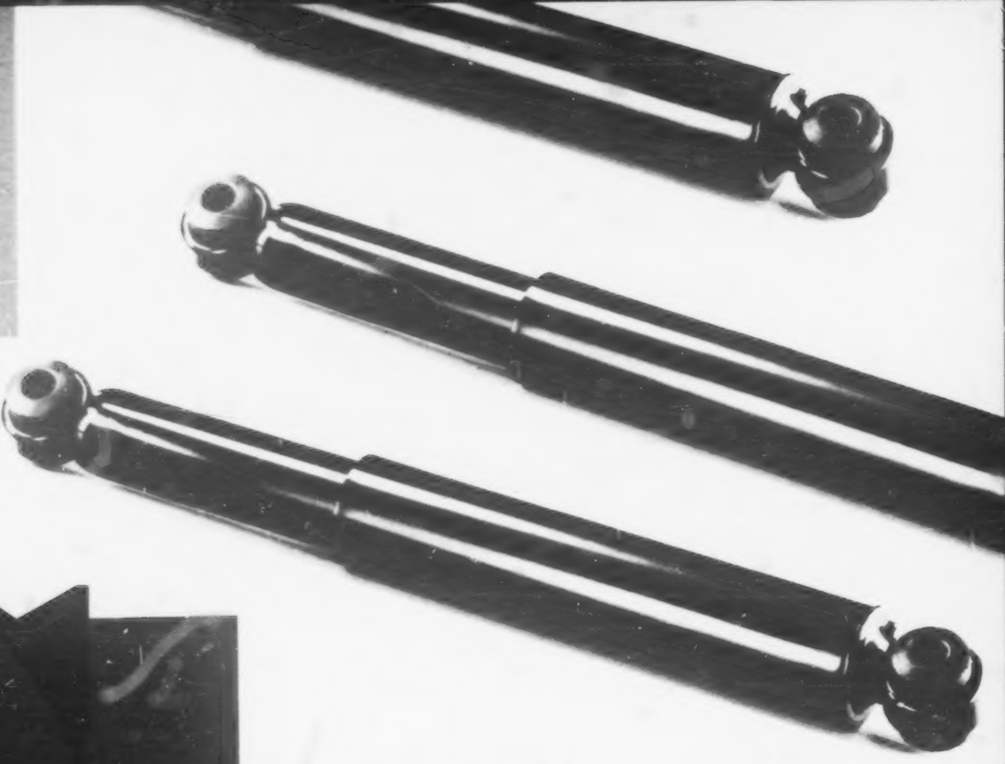
PRODUCT LINES & TRENDS



hock Absorbers

All cars use shock absorbers or MacPherson struts to control vehicle ride and keep the wheels and tires in constant contact with the road.

The safety aspect of these parts cannot be overstressed. According to one manufacturer of ride control products, "Replacement rates for ride control have been steadily declining. We are taking the lead to stabilize the market by promoting safety as a selling message, and giving consumers a compelling reason to buy shock absorbers and struts."

Research done by *Automotive Marketing* in 1990 indicated that 56% of consumers feel that safety – vehicle handling and control – would be the most compelling reason to replace their ride control equipment. It's possible, however, that they don't know the results of riding with worn shocks. Let them know that they can subject their tires, steering, and suspension to premature wear and early failure. And that they could lack full ride control in demanding weather or traffic conditions.

If your customers have driven more than 25,000 miles without replacing their original shocks, it might well be time for new ones. Do they know how to look for the warning signs or worn shocks? Try posting the following consumer checklist, or one like it:

- Test the suspension every 5,000 miles by rocking the car up and down at each corner of the car. There should be little or no bounce after you release the bumper.
- See that the height of the car is the same at all four corners.
- Look at each shock carefully to see that there is no oil leaking from it or that the bottom tube is not badly dented. Replace any shock that is leaking or shows extensive damage.
- Inspect your car frequently for suspension problems if you habitually drive on rough roads.

If consumers do decide they need new

33%

of vehicle maintainers who bought front end parts purchased them at automotive parts stores.

38%

of those who installed front end parts identified themselves as DIYers.

87%

of vehicle maintainers who bought front end parts bought them for only one vehicle.

Shock Absorbers

PRODUCT LINES & TRENDS

shocks, suggest they upgrade. Gas shocks, for example, can cope better with the small movements common in normal highway driving, and therefore provide a smoother ride. Consumers who drive unpaved roads, or who carry heavy loads, should consider heavy duty shocks. These will give better control.

Front end parts, including shocks, were the 16th most purchased product category among the products studied in the 1991 *Consumer Automotive Repair Study (CARS)*.

The consumer most likely to respond to this information, based on the *CARS* study, is male, between 25- and 44-years old, the majority with an annual household income of over $30,000. Auto parts stores sell most front end parts to this type of consumer, who commands a 33% share of the auto parts store front-end parts market. But almost as many women go to specialty installers for these parts as buy them at auto parts stores. Maintainers 55-years-old or more also patronize specialty installers: 41% of them go there for these parts, compared with only 24% who go to auto parts stores.

Twenty one percent of those making between $30,000 and $40,000 annually go to independent garages, while only 11% of all maintainers buy from them. Almost a quarter of those making over $40,000 bring their cars to the dealers.

Price is also a key in selecting where to purchase ride-control products. Those who do the job themselves frequently do so mainly to save money. For those who do not replace these parts themselves, not having the specialized tools, such as spring compressors for struts, is a deterrent for many otherwise DIYers. In all, 45% of all men cited lack of tools, while only 40% said they didn't know how to do the job. Sixty percent of those who spend between six and ten hours a month on automotive DIY and who didn't install their own front end parts lacked the proper tools. This suggests that your prime customer may be the hard-core DIYer. Make sure you stock the ride-control items he wants and needs. ■

73%

of those with only one vehicle who bought front end parts bought them for a car.

56%

of DIYers who installed front end parts said they did so to save money.

66%

of vehicle maintainers who bought front end parts said they bought top-of-the-line parts.

PRODUCT
**LINES &
TRENDS**

Wipers/Blades

According to several manufacturers, the wiper blade business is up, despite the economy. "The traditional market is $220 million at wholesale," a leading manufacturer recently told *Automotive Marketing*. "This represents a 12% growth in units for 1990 over 1989."

Sales of wiper blades have always been dependent on weather, of course. If there is heavy rain, windshield wipers will enjoy brisk sales. If there is a drought, sales will slow considerably. And winter wiper blades—those made of extra heavy materials encased in rubber boots—gain popularity each year, according to manufacturers. These blades are designed to help drivers fight the snow and ice buildup common with ordinary blades.

"The past winter season was good for winter wiper blade sales," said one manufacturer. "There is a good market for winter blades, but there is a greater need to educate the consumer to the advantage of winter blades."

Weather is no longer the only factor influencing wiper blade sales. In recent years, sales have been boosted by a new perception in consumers' minds: that windshield wipers can be used as "fun accessories." Consumers who want to dress up their cars and light trucks can do so with windshield wipers in "hot colors" at a relatively cheap price. This kind of accessorising can boost sales even when weather conditions are not optimum.

The beauty of wiper blades is that they are not, and never will be, strictly accessories. "We look at wipers in terms of safety, function and fit," said one manufacturer. "We don't think of windshield wipers as accessories. They're safety items." Neal Pocock, vice president/marketing and sales for Anco, Div. Cooper Industries, Michigan City, IN, agrees. "We believe the neon color craze is only a fad and a rapidly declining trend," he recently told *Automotive Marketing*.

72%

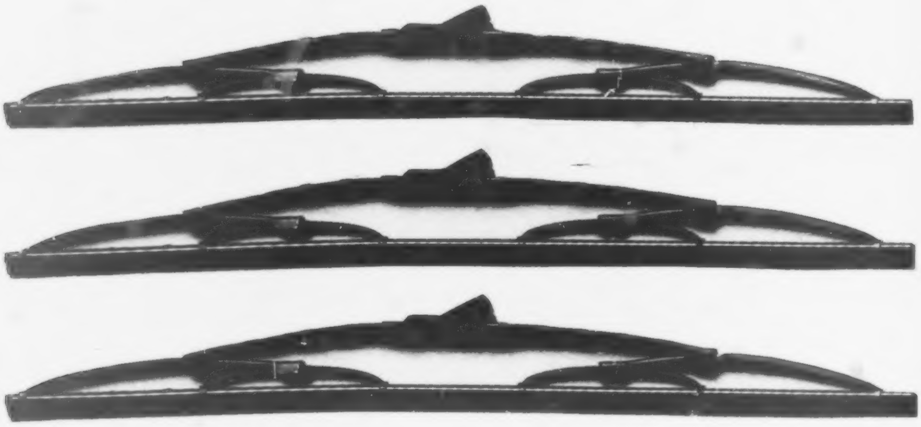
of vehicle maintainers who bought windshield wipers or blades bought for only one vehicle.

38%

of vehicle maintainers bought their windshield wipers or blades in automotive parts stores.

69%

of wiper/blade insallers were DIYers of all types, from occasional to sophisticated.



Wipers/Blades

PRODUCT LINES & TRENDS

"These blades are purely visual and not more functional."

According to Pocock, the new trends are aerodynamic blades, longer lengths of 24 and 26 inches, and world class blade development. And, said one manufacturer, "one of the great untold stories of the current promotional blitz in accessories is the corresponding demand for OEM-style blades that don't call attention to themselves. It's an untapped market."

Windshield wipers or blades were purchased by 21% of all vehicles maintainers over the course of the previous year, according to *Automotive Marketing's* 1991 *Consumer Automotive Repair Study (CARS)*. They are the eighth most widely purchased product we studied.

There is little difference in purchase patterns between male and female wiper and blade maintainers, according to the study. In all, 41% of all males and a third of all females purchased wipers at an auto parts store. Those under 25-years-old patronize auto parts stores in greater numbers than those over 25-years-old. And serious DIYers who spend 11 hours or more a month on auto maintenance are also big auto parts stores customers for wipers and blades.

When it comes to having blades put on, three-quarters of all males install their own. Only a quarter of females do their own installation. There's relatively little difference in installation patterns by age groups, although in general, the younger the DIYer, the greater the chance he'll install them himself. Predictably, three quarters of the 11-hour-plus DIYers install their own blades, while only 35% of those who spend an hour or less on DIY do the same.

Only 3% of the men we surveyed said they didn't know how to do the job themselves, but almost half of the women who didn't install their own blades gave this as their reason. The major excuse given by men who did not do their own installation was that they were too busy (20%). But of all those who spend 11 or more hours a month on DIY, 39% said they didn't change their own wipers because they lacked the proper tools! ■

68%

of vehicle maintainers with only one vehicle bought windshield wipers or blades for a car.

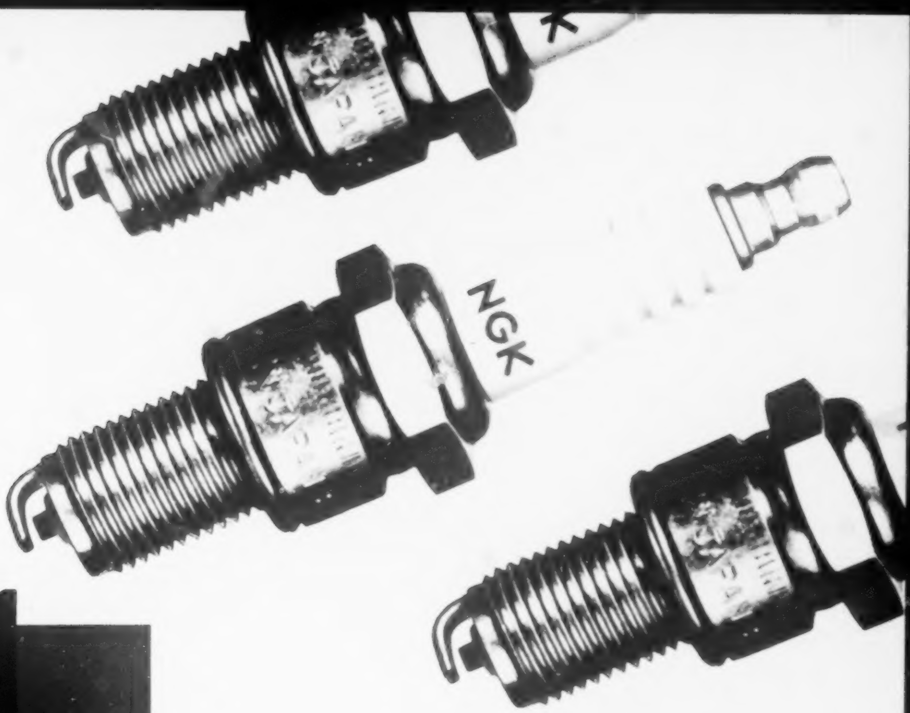
40%

of DIYers who installed their own windshield wipers or blades did so because it was easy to do.

70%

of vehicle maintainers shop around for the best price for windshield wipers or blades.

(Circle 19 on Product Information Card ♦)



Spark Plugs

Spark plugs, an aftermarket staple, have always been an important market. According to an *Automotive Marketing* reader panel survey published in February, 43% of respondents' customers said they would willingly pay more for the better grade of spark plug. And that was at the height of the economic crunch!

According to *Automotive Marketing* estimates from September 1990, the total market is about 550 million spark plugs per year, with another 100 million in the motorcycle, marine, and small engine market. This represents a plateau, but not a downturn. The factory-recommended spark plug replacement intervals are at about 30,000 miles; most spark plug makers recommend replacement at about 12,000 miles, depending on vehicle use. Experts concur that most spark plugs should be changed more frequently than manufacturers recommend. And DIYers are buying.

According to the reader panel survey, retailers typically stock 175 spark plug SKUs, encompassing four brands. Over half of the retailers responding to the survey also stock a different line of spark plugs for imported cars.

Tuneup parts such as spark plugs are the fifth most purchased product of all those studied in the 1991 *Consumer Automotive Repair Study (CARS)*. That's up from 1990, when they were the sixth most purchased item—very good news in a year that's seen downturns due to the Gulf War and the flat economy.

Among purchasers of tune-up products, including spark plugs, 64% are male, 53% between 25- and 44-years old, and half with household incomes of over $30,000, according to the 1991 *CARS* study. Slightly over half of these purchasers spent between one and five hours a month on automotive DIY work, and 47% were responsible for maintaining only one vehicle.

For every demographic group studied

43%

of vehicle maintainers who bought tune-up parts, including spark plugs, bought them in automotive parts stores.

44%

of those who installed tune-up parts identified themselves as Do-It-Yourselfers.

68%

of those who bought tune-up parts, including spark plugs, bought them for only one vehicle.

Spark Plugs

PRODUCT LINES & TRENDS

in the *CARS* survey, the auto parts store is the favorite place to buy tune-up products. Women, reluctant auto parts store buyers in other categories, patronize them over the second-place retailer, the car dealer, 37% over 26%.

Only 9% of tune-up product buyers buy them at specialty installers. An exception is the younger buyer; 13% of those under 25-years-old bought tune-up products at a specialty installer. The percentage of those 25- to 34-years-old is 11%; and among the older baby boomers, aged 35- to 44-years-old, 6% patronize specialty retailers. But 11% of older Americans over 55 go to these outlets.

Twenty-five percent of those making between $20,000 and $40,000 a year in annual household income patronize specialty tune-up parts installers. But DIYers installed more tune-up parts than any other single installer. The top five installers in the *CARS* study were: DIYer, 44%; car dealership, 20%; independent garage, 14%; specialty installer, 10%; and gas station, 9%. Most vehicle maintainers (68%) bought tune-up parts for only one vehicle; 69% bought them for cars, 12% for light trucks, 2% for vans, 2% for utility vehicles, and 15% for more than one vehicle.

The number-one reason DIYers gave for installing tune-up parts such as spark plugs was, not surprisingly, to save money. Sixty percent gave this as their primary reason, followed by the ability to do the job, 28%; the simplicity of the job, 15%; a need for the job to be done, 13%; and personal enjoyment, 11%.

According to the March issue of *Automotive Marketing*, training vehicle maintainers how to install tune-up parts is a key factor in making this market grow. Just over half of all non-DIYers said they didn't know how to do the job. But when it comes to women, that number grows to three-quarters of all female DIYers.

The top five reasons for not installing their own tune-up products themselves were lack of knowledge (54%); lack of time (18%); lack of proper tools (a situation easily remedied by the retailer); lack of enjoyment (9%); and lack of personal confidence (7%). ■

69%

of vehicle maintainers who bought tune-up parts bought them for a car.

60%

of DIYers who installed their own tune-up parts said they did so to save money.

53%

of those vehicle maintainers who bought tune-up parts said they did not shop around for the best price.

Import Car Maintainers:

THEY'RE NOT YOUR FATHER'S CUSTOMERS

by **Phil Katcher,**
Business Editor

The aftermarket hasn't been getting its share of the import parts and accessories sales. But maybe that's because it's really not as big a retail market as it could be.

In 1971, imported vehicles were only a cloud the size of a man's hand on the horizon. In all, they accounted for 9.4% of cars on the road—most of those the ubiquitous Volkswagen Beetles. Today, however, 28.4% of vehicles registered have foreign nameplates (although, admittedly, many are actually assembled in the U.S. from a mixture of foreign and domestic parts). And, in some areas the percentage is even higher. On the West Coast, for example, some 34% of the cars on the road have foreign nameplates.

Generally, auto parts store owners and managers across the country recognize this growth. In all, three quarters of *Automotive Marketing Reader Panel* members say that the import vehicle market is growing at an average of 15% annually.

Accordingly, auto parts stores have had to increase the number of imported car parts they stock. Bob McKenna, president of NAPA, Atlanta, reported that his company's coverage grew from 712 part numbers for imported nameplates in 1971 to 26,070 today. Over half of the reader panel members said that 5% or less of their inventory was in imported car SKUs a decade ago; that had grown to 10% five years ago and is 20% today.

But, are the growing number of import nameplate owners buying those parts at the same rate as domestic vehicle maintainers? According to reader panel members, an average of 17% of the vehicles in their marketing areas bear import nameplates. But, only 9% of their average sales is in import parts and accessories. So, sadly, the answer appears to be "no."

A Different Type Of Customer

The reason is that, to paraphrase the well-known National Rifle Association slogan, vehicles don't buy parts, people buy parts. And the people who buy parts for import nameplate vehicles are quite a different breed of cat than those who buy parts and accessories for domestic cars, vans, and light trucks.

Some 63% of the reader panel members agreed that generally import vehicle maintainers do less of their own vehicle maintenance—and hence buy less parts and accessories at auto parts stores—than domestic vehicle maintainers. And, 40% say this figure has remained flat over the last decade, while 28% say that import vehicle maintainers as a whole are even doing less of their own work than they did a decade ago.

"Most of them take their vehicles to the shop," said Curt Hettle, whose Western Auto store in Sidney, OH, does only 2% of its annual sales in import vehicle parts and accessories. "There are not too many Do-It-Yourselfers among them." Indeed, according to the 1991 *Automotive Marketing Consumer Automotive Repair Study (CARS)* of vehicle maintainers who were responsible for maintaining only one vehicle, and that one with a foreign nameplate, almost a quarter (24%) said they did no DIY work at all. Another 44% said they did only the most minimal DIY work — tasks like washing and polishing their cars or topping off the oil.

This compares with the 1991 *CARS* study of everybody who maintained a vehicle, import or domestic, in which only 17% said they weren't some sort of DIYer and 35% said they did only minor jobs. This means that 16% fewer import vehicle owners do any serious auto parts or accessories shopping from other than professional installers than do all vehicle maintainers in the U.S.

This isn't to say that import vehicle maintainers neglect their cars. "They are more cautious about service," said Paul Pulley who manages a Sears store in Clarksville, TN. "They are much more particular than domestic maintainers," according to Art Badgley, of Art's Precision Automotive, Godfrey, IL. In fact, Badgley even refuses to try to compete in the import vehicle maintainer market and does not stock import vehicle parts as part of his regular inventory.

What it does mean, is that import nameplate maintainers go for professional service in larger numbers than do domestic vehicle maintainers, much of that at the new car dealer (see accompanying maintenance behavior pattern charts).

WHERE THEY BUY AUTO PARTS

It's nice to note that a significantly larger percentage of import car maintainers shop at auto parts stores than does the car maintainer population as a whole. And, fewer return to car dealers than conventional wisdom says.

	All	Import
Auto parts store	26%	31%
Department store	22	19
Discount store	28	28
Gas Station	14	14
Hardware store	13	16
Drug store	5	5
Supermarket	9	11
Car dealer	14	8

HOURS SPEND ON DIY

A significantly larger percentage of import car maintainers spend no hours a month on automotive DIY work than do car maintainers as a whole.

Hours/Month	All	Import
0 hrs	32%	41%
-1 hr	10	11
1-5 hrs	46	39
6-10 hrs	7	6
11-15 hrs	2	1
+16 hrs	3	1

HOW OFTEN THEY SHOP FOR AUTO PARTS

Import car maintainers shop for auto parts significantly less every year than does the car maintaining population as a whole.

	All	Import
1 time	8%	11%
2 times	10	13
6 times	7	5

THE AGE OF THE DIYER

Import car maintainers are generally younger than car maintainers as a whole.

	All	Import
-18 years old	1%	1%
18-24 years old	12	16
25-34 years old	24	36
35-44 years old	20	24
45-54 years old	13	9
55-64 years old	12	5
+65 years old	16	10

WHAT THEY BOUGHT

We asked all vehicle maintainers what products they bought in the course of the previous year. Then we compared the percentages who said they'd bought specific products to people who said they were responsible for maintaining only one import car.

	All	Import
Fuel system parts	46%	36%
Oil change	43	50
Brake system parts	42	41
Batteries	32	24
Tune-up parts	30	31
Antifreeze/coolant	27	19
Engine parts	22	13
Wipers/blades	21	16
Wax/polish	19	16
Starting/charging	19	8
Oil/gas additives	15	14
Transmission parts	14	7
Lighting products	14	6
Appearance chemicals	12	9
Front end parts	11	9
Air conditioning	10	4
Cooling system parts	8	6
Body repair products	8	4
Wheels & accessories	6	2
Books/manuals	5	2
Seat covers	2	4

Pinpointing The Import Maintainer

Generally, there are some major differences between the vehicle maintaining population as a whole, and those who are responsible for maintaining only one imported nameplate vehicle.

Many more are women. In all, 56% of import nameplate maintainers are women, compared to only 43% of the overall vehicle maintaining population. And women do fewer DIY jobs on the whole than do men.

They are younger. Over half (52%) are 34-years-old or younger. In the overall U.S. vehicle maintaining population, only 38% are 34-years-old or younger. This is a generation brought up with electronics for whom new technology should hold few fears.

They are better educated. Almost half (49%) are at least college graduates while many have gone on to do some post-graduate work. This compares to only 28% of the overall vehicle maintaining population who have reached the same educational level. This suggests that most are capable of learning how to do their own automotive maintenance if they wanted.

Considerably fewer are in traditional nuclear families. Only 29% are married, compared to 54% of the vehicle maintaining population as a whole. But, 41% have never been married (compared to 21% of the whole vehicle maintaining population), while 22% are divorced or separated (compared to 16% of the overall population). This means they are busy wage-earners.

More hold white collar jobs. Thirty per cent say they are professional or technical workers, compared to 16% of the overall vehicle maintaining population. But 10% of the overall vehicle maintaining population say they are craftsmen or kindred workers, compared to only 4% of import nameplate maintainers. This means they are basically unused to doing dirty, hands-on types of jobs.

So, what retailers are looking for when trying to attract import vehicle maintainers generally is bringing into their stores younger, better educated, single women—hardly one of their prime customer groups in the past.

Asian vs. European Maintainers

However, an additional consideration, in terms of looking at the import aftermarket, is that in fact not all import

HOW EDUCATED ARE THEY?

Imported car maintainers are more educated than is the car maintaining public as a whole. Hence, the retailer can address them generally on a more technical level.

	All	Import
Less than HS Graduate	10%	4%
HS Graduate	36	25
Some college	25	21
College graduate	28	49

WHERE THEY BOUGHT BRAKE SYSTEM PARTS

We compared the purchase and installation patterns of car maintainers who bought and had brake system parts installed. In all, 42% of all vehicle maintainers bought these parts, just about the same as the 41% of import car maintainers. However, only 12% of import car maintainers had the parts installed by a DIYer, compared to 35% of all vehicle maintainers. And, a third returned to the dealer for the parts, compared to only 17% of all vehicle maintainers.

	All	Import
Auto parts store	38%	26%
Department store	2	5
Discount store	1	2
Gas station	8	5
Car dealer	17	33
Specialty repair	14	14
Independent garage	14	10

nameplate maintainers are alike. Where in 1971 the vast majority of imported cars on the road were made in Europe, today most are of Asian origin. And, there are significant differences between Asian and European nameplate maintainers.

First, there are age differences among import vehicle maintainers. According to the 1991 import maintainer version of the *CARS*, over a quarter (27%) of maintainers 25-years-old or younger have European vehicles, many of them older Volkswagens and Volvos. However, Asian nameplates more fully dominate the vehicle park owned by maintainers between 25- and 44-years-old. In all, 90% of those 25- to 34-years-old and 97% of those 35- to 44-years old, maintain vehicles with Asian (Japanese and Korean) nameplates. European nameplates gather market share with the older crowd again, with 18% of those 45- to 55-years-old maintaining such a vehicle. Twenty per cent of those over 55-years-old—traditionally reluctant DIYers—maintain a European nameplate vehicle.

European nameplate owners tend to be found at either extreme of the annual household income spectrum. In all, 22% of those with annual household incomes of $20,000 or less who maintain one import nameplate vehicle have a European vehicle, while 10% of those with $40,000 or more in annual household income have a European vehicle. By contrast, only 4% of those making between $20,000 and $30,000 in annual household income and 4% of those making between $30,000 and $40,000 maintain European nameplate vehicles.

HOW MUCH THEY ENJOY DIY WORK

Significantly fewer import car maintainers enjoy doing automotive DIY work.

Enjoy DIY	All	Import
A lot	18%	10%
Somewhat	34	35
Not much	26	28
Not at all	22	28

They differ by sex. Females, a group which traditionally does less automotive DIY work, prefer Asian nameplate vehicles, while more men drive European nameplates. Of females who maintained only one vehicle, that that one had an import nameplate, 91% drove Asian nameplates, compared to only 84% of the similar male group. While this may look encouraging for sales of European parts and accessories, many of European vehicles are upscale vehicles, such as Porsches and Mercedes, which are more often professionally maintained than not.

Indeed, this trend is evident to many of reader panel members. "People who buy European cars have a tendency to take better care of their cars," said Norman Meinke, 2-M Auto Supply Inc., Lowell, AR. Ken Davis who manages a Right A Way Auto store in Trenton, MO, agreed, saying that "European car owners are more attentive to repairs."

On the other hand, a new study indicates that Japanese nameplate vehicle maintainers maintain their cars less ade-

HOW MUCH DIY WORK DO THEY EXPECT TO DO?

A significant percentage more of import car maintainers expect to do the same amount of automotive DIY work in the future as they do now than do car maintainers as a whole.

DIY work	All	Import
Increase	24%	20%
Decrease	18	15
Stay same	58	64

WHERE THEY BOUGHT TUNE-UP SYSTEM PARTS

We compared the purchase and installation patterns of car maintainers who bought and had tune-up parts installed. In all, 30% of all vehicle maintainers bought these parts, just about the same as the 31% of import car maintainers. However, only a quarter of import car maintainers had the parts installed by a DIYer, compared to 44% of all vehicle maintainers. And, half returned to the dealer for the parts, compared to only 21% of all vehicle maintainers.

	All	Import
Auto parts store	43%	25%
Department store	1	2
Discount store	4	2
Gas station	8	9
Car dealer	21	50
Specialty repair	9	5
Independent garage	11	7

WHERE THEY BOUGHT LIGHTING SYSTEM PARTS

We compared the purchase and installation patterns of car maintainers who bought and had light system parts installed. In all, 15% of all vehicle maintainers bought these parts, just about the same as the 14% of import car maintainers. However, only 68% of import car maintainers had the parts installed by a DIYer, compared to 71% of all vehicle maintainers. And, 26% returned to the dealer for the parts, compared to only 7% of all vehicle maintainers.

	All	Import
Auto parts store	50%	42%
Department store	4	5
Discount store	13	5
Gas station	10	5
Car dealer	7	26
Specialty repair	3	5
Independent garage	8	11

quately than other car maintainers do—or that they believe that their cars are indestructible. It shows that fewer Japanese nameplate maintainers even bother to have recall defects corrected. According to a recent study done at Virginia Commonwealth University, while 62% of American-made vehicle owners get such defects repaired, only 41% of owners of Japanese vehicles get such work done. University researchers suggested that the difference in repair rates could be in part due to greater publicity for American vehicle defects, and in part to a greater awareness among American car maintainers of the possibility of recalls.

Certainly the fact that Japanese nameplate maintainers tend to be those—often women—who are in the midst of growing careers and raising families with less time and money to spend on vehicle maintainence, would contribute to this lack of basic maintenance.

WHERE THEY BOUGHT OIL OR GAS ADDITIVES

We compared the purchase and installation patterns of car maintainers who bought and had oil or gas additives, simple DIY products, installed. In all, 15% of all vehicle maintainers bought these parts, just about the same as the 14% of import car maintainers. However, only half of import car maintainers had the parts installed by a DIYer, compared to almost three quarters (73%) of all vehicle maintainers.

	All	Import
Auto parts store	37%	20%
Department store	6	10
Discount store	17	*
Gas station	23	55
Specialty repair	3	5
Drug store	1	5

* Number too small for accurate measurement

HOW THEY CLASSIFY THEMSELVES

Dedicated DIYers still drive domestic cars. The aftermarket has a lot of work to do to turn import car maintainers into DIYers.

	All	Import
Not a DIYer	17%	24%
Light DIYer	35	44
Medium	26	22
Dedicated	16	4

Attracting The Import Vehicle Maintainer

So, how does the retail aftermarket turn import vehicle maintainers into customers?

The obvious answer is to install service bays and offer professional service to compete with new car dealers. This, however, requires staffing with trained technicians, who are not always easy to find and keep, and purchasing expensive diagnostic and other equipment. Getting into professional service requires much thought and a serious commitment.

In terms of turning these maintainers into DIYers, education is a major key. Import nameplate maintainers have to learn that they can do their own automotive maintenance and repairs—and save themselves money in the process. They have to be taught beyond the new car dealer mystique, that they can refer to an easily obtained repair manual, go into an auto parts store, get the part they need, and then do their own work. And, often have fun doing it.

Most reader panel members agree that the key part in getting and keeping the import vehicle maintainer is having the right part on hand for the specific job. If a potential DIYer comes in to get a part and it isn't there, he or she can get discouraged, feeling that he or she has to go back to the dealer.

Frank Johnson, whose Lacy Auto Parts in Soledad, CA, does about 30% of its annual sales in parts and accessories for import nameplates, said to sell the part you've got to "have it on hand." To sell best, he said, a retailer must "have a good supplier and catalogs." Johnson sees the market for import nameplate vehicle parts and accessories reaching 50% by the end of the century.

The good supplier and catalogs are important, said the owner of a Western Auto store in Lenoir, NC, because "SKUs for imports are much higher and harder to inventory. So you've got to be able to tell customers that you will be glad to order what is not in inventory."

Finally, since overall the number of import nameplate vehicles is growing at a great rate, even those who have avoided entering the market should seriously consider aiming promotional and stocking efforts at serving it. Even Art Badgley, whos Art's Precision Automotive doesn't ordinarily stock import parts, said, "Never lose a sale on an import part, regardless of where you must source it." ■

WHY THEY DON'T DIY

"I didn't know how to do the job," is one of the most common excuses why a vehicle maintainer didn't do his own repairs or maintainence work. But, in any job involving anything but the easiest job, it's an excuse given by a significantly larger group of import car maintainers than vehicle maintainers as a whole. For example, the chart below describes the parts bought over the past year and the percentage of those who had those parts installed professionally who said they went that route because they didn't know how to do the job themselves.

	All	Import
Body repair products	71%	100%
Engine system parts	67	78
Brake system parts	58	73
Tune-up parts	54	69
Front end parts	53	75
Fuel system parts	51	61
Oil change products	37	47
Batteries	37	46
Wipers or blades	32	22
Antifreeze/coolant	28	28

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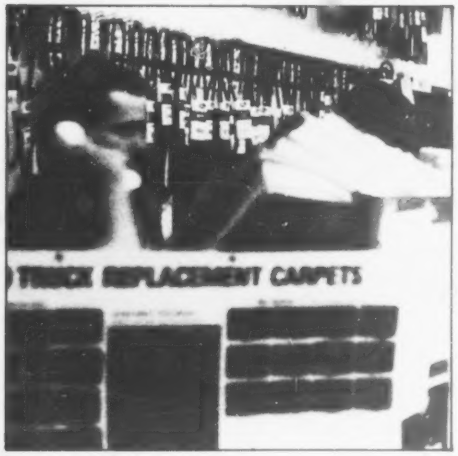

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EDITORIAL STAFF
FAX (215) 964-4981

Steve Davis,
Editor
(215) 964-4395

Phil Katcher,
Business Editor

John Wirebach,
Senior News & Feature Editor

Wendy Ampolsk,
Contributing Editor

Regis D'Angiolini,
Editorial Intern

Edward L. Kaufman,
Contributing Editor
(201) 567-6158

Bonnie Lynne Shannon,
Editorial Assistant

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

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Gary R. Ingersoll; President
Donald W. Chestnut; Sr. V.P. Operations/Admin.
Christopher M. Savine; V.P., Finance, C.F.O.

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JESSE H. NEAL
AWARD-WINNING
PUBLICATION
FIVE OUT OF
EIGHT YEARS

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ford to stock all the hard parts SKUs which are now required to be a factor in that part of the business. So, some chains may reduce their participation in the hard parts business and others may seek alliances with distributors who can provide hot shot delivery on needed items. Today, most WDs are very loath to supply chain stores. But the day before yesterday many manufacturers were loath to sell any branded parts to retail chains. So it will be interesting to see what happens tomorrow.

Finally there's market concentration. Essentially, retail chains have grown either by rapidly opening new stores (AutoZone is the outstanding example of this approach) or, by acquiring existing chains—like Northern Automotive. At the same time, partly in response to concentrations of purchasing power among retail chains we have seen movements toward consolidation of purchasing power among jobbers and WDs. There are future signs and signal of merging channels of distribution.

There are some ironies in this situation. While the number of corporate owners have declined, the rapid expansion in the number of outlets means that some markets are probably overstored. At the same time, these many small stores are not capable of keeping up with the increases in the numbers of SKUs.

We can anticipate a number of changes: Closing many redundant small stores; more emphasis on positioning to differentiate a chain from its competitors; and, new approaches to warehousing and delivering slower moving hard parts.

It will be interesting! And we will be here to assist you in making sense of these changes. ■

CONFERENCES

Who Will Train Mechanics To Keep Up With Technology?

Two questions reverberated around the Frost & Sullivan Automotive Aftermarket Conference held recently in Denver: Who will train mechanics to keep up with the new technologies? And how will they do it?

Tom Golden, director of training at Brake Parts Inc., McHenry, IL, noted that the master cylinder on a new Thunderbird cost $2,300 due to ABS systems. "And that's not all," Golden said. "The same system on a Chrysler costs $4,000; a Mercedes is a little cheaper, it's only $1,100. The average American technician has a ninth grade education and reads at a sixth grade level. Now, do you want that guy fooling around with your master cyinder? The average technician doesn't know anything about electronics and he doesn't want to know. The NAPA technical hotline at our facility gets 6,700 calls a month because there's nowhere else to get the information. If one mechanic in each distributorship screws up one master cylinder every three days; over two years it will cost the manufacturer $8 million."

Simply listening to Peter Fichtner, manager of technical services for Robert Bosch Inc., Broadview, IL on fuel injection; Robert Parmann, vice president of engineering at Walker Manufacturing, Glass Lake, MI on exhaust systems; Jeff King, director of marketing at the Gabriel Ride Control Division of Arvin Industries, Carol Stream, IL on ride control systems; and Golden on ABS was a scary prospect when you realize new vehicle technologies in all these areas will hit the aftermarket in the next few years.

For example, Fichtner reviewed Bosch fuel injection systems in depth. Then he was asked who can do the repair work? "470 Bosch specialists," Fichtner said, half joking, referring to the authorized repair shops Bosch has licensed in the U.S.

But later he added that "DIY is dwindling. It's fairly high tech now and will be more so in the future. I don't think the DIYer can work on fuel injection and controls. Maybe plugs and filters."

Although Parmann thought DIYers would have little trouble with exhaust, the others found DIYers in trouble. King said electronic suspensions could be replaced by DIYers: "If they can install a radar detector, they can do it today. But I don't believe DIYers will be able to handle the new adaptive suspensions with all the sensors." Golden said DIYers could handle pads and shoes, "but, will he screw up the sensors? That's a delicate balance in ABS. I don't think I'd like to see a DIYer doing ABS work."

While the panelists did not feel confident about DIYers, the conference as a whole did not feel confident about mechanics being able to do the work. For example, Bill Sauer, president of Autotech, Roseville, MN, surveyed mechanics at more than 500 stations over the past two years and found very disturbing results. "I ask them to be their own best judge. How good are you at working on computer cars? They usually give me an eight or a nine. I then ask them to explain how an oxygen sensor works. I don't care about the zirconium dioxide stuff, just tell me what happens? Does it change voltage? Does it produce voltage? What is it doing there in the manifold? And those that say they are eights and nines tell me it measures hydrocarbons. Some tell me it measures heat. I get all sorts of strange things. This is the heart of a computer system and the technicians that say they are eights, nines, and tens can't even tell me that an oxygen sensor gives off voltage, let alone what type of voltage. I even give them credit if they say minivolts instead of millivolts. Only 16% can answer this question to any satisfaction at all."

WHAT DO MECHANICS KNOW?

Bill Sauer, president of Autotech, Roseville, MN, surveyed more than 500 mechanics about what they knew about how cars worked. The results, he said, were not encouraging.

Question	Percentage answering correctly
What purpose does an EGR valve serve?	18%
For an engine running at 2,000 RPM, how fast is the distributor turning?	21
When shorting out a cylinder during a power check, an engine speeds up. What are the causes?	0
What is the maximum allowable voltage drop across an electrical connection?	4
What are the proper readings for HC, CO^2, O^2 and CO in a properly running engine?	15
How does an oxygen sensor work?	18
What is the maximum amount of backpressure and where is the best place to check it?	6

Source: Bill Sauer, Autotech

And, Sauer noted, the lack of knowledge does not simply apply to newer parts. "One question I ask is, what purpose does the EGR valve serve? EGR valves have been with us for twenty years now. I wish I had the time to share some of the answers I get to this question. There is one, however, that I must share with you. A mechanic told me, 'The EGR valve takes the exhaust gas when the engine is cold and recirculates it back through the intake and then when the engine is warm, the EGR opens and allows the exhaust gas to go out through the exhaust system.' I asked why the engineers would do that. He replied, 'So the rich cold exhaust doesn't blow up the muffler.'

"Is a question of this type a theory one," Sauer asked, "or does it really help fix cars? In my opinion, if one does not understand theory of operation, one has a heck of a time diagnosing what is wrong. If you don't understand how an EGR valve is supposed to work, you do not understand the drivability problems it can cause. Of the hundreds of techs I have asked that question, only 18% can explain it correctly."

One big problem is that there is a lot of information that mechanics have to process. Rod Georgiu, president of Alldata Corporation, Elk Grove, CA, said that "the driving force behind computerizing automotive repair information is the vast expansion of the amount of information needed to fix all cars on the road."

According to Georgiu, the data base has expanded from:

- 1967: 5,000 pages
- 1984: 500,000 pages
- 1991: 1,200,000 pages

and is expanding at 150,000 pages per year. "Traditionally, diagnostic equipment manufacturers tried to automate the diagnostic process by taking the technician's brain out of the loop. Since the amount of information needed to diagnose cars has increased by 240 times in the past 20 years to six gigabytes (6,000 megabytes), the current computer technology simply is inadequate to automate the diagnostic process. Computer experts believe that nothing short of a $10 million Cray supercomputer and tens of thousands of man-hours of software development will be required to approach the 90% accuracy level of automated diagnosis required in the garage (up from 40% today). And the typical computerized diagnostic analyzer uses a 286 processor and has less than a few megabytes of information."

It looks as if auto repair is faced with some serious challenges. Yet there are no real answers to the training issue.

Peter Fichtner said that it takes 40 hours of training for one system at Bosch. And Jeff Silver, executive vice president at I-Car, Wood Dale, IL, pointed out that Precision Tune gives its technicians 150 hours of training over five weeks before it lets them work.

Then, Tom Golden pointed out that there are approximately 750,000 mechanics at work

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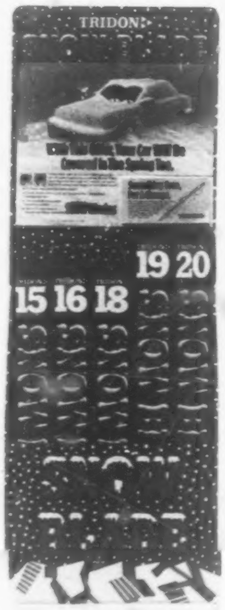

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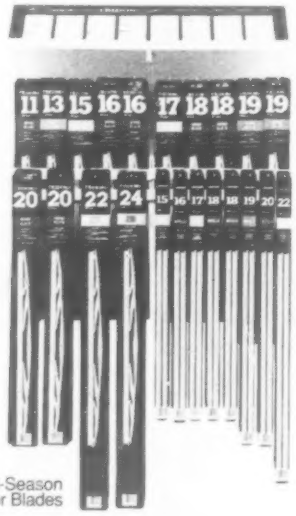

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today. "At 750,000 technicians, figure 25 to a class and that's 30,000 classes for one system." If you multiply that by 40 hours then 1.2 million training hours are needed for just fuel injection.

And, speaking from the audience, Bob McKenna, president of NAPA, Atlanta, wanted to know, "Who's going to pay for all this training? That's the real issue."

That, indeed, is the real issue. Because, in addition to needed training in automotive, incoming mechanics are woefully unprepared to learn. Silver pointed out that 27 million adults are functionally illiterate. "That means they can't read, write or do math above the fifth grade level. Another 45 million can't read, write, or do math above a seventh grade level. That means almost one third of the U.S. is nearly illiterate. If you take a look at a car manufacturer's shop manual, it is written at a tenth to twelveth grade level. It doesn't need to be, but it is. With this kind of situation, we're kidding ourselves to think that things we put in print will reach people who are going to be able to absorb it."

Silver calls it "a quadruple whammy:"

- A changing workforce
- An increasingly complex automobile
- A shortage of people
- Increasing consumer demand for quality

Obviously, those attending the conference came up with no new grand design for retraining the aftermarket. But it was pretty evident that manufacturers and distributors are going to have to work together to bring new high school graduates to a reasonable level of basic skills so they can use the improved diagnostic equipment. And this need goes beyond the shop. James Porter, president of Triad Systems, Livermore, CA, outlined the difficulties of setting up Triad's parts-lookup system and its potential uses. About half of the counterman positions in the country are presently computerized, Porter said.

While several companies have made great strides in equipment for both the counter and shop, no matter how good the equipment is, the equipment is worthless if counterman and mechanics can't use it.

And, as Golden suggested, "the aftermarket will not survive, as we know it now, if we do not provide the skills necessary to understand, diagnose, and properly repair the vehicles today and tomorrow."

In the same vein, Sauer said it better: "It wasn't raining when Noah built the ark." ■

INDUSTRY COMMENT

CARQUEST Strongly Supports Three-Step Distribution

We've heard lots of talk about two-step distribution in the past year, and at a recent CARQUEST board of directors meeting we decided it was time to let the industry know what we think and why," Dan Bock, president of CARQUEST, Tarrytown, NY, recently wrote to us. "We believe it is vital for everyone involved in aftermarket parts distribution to understand what they are doing if they circumvent one of the distribution steps, and why it

MERGING MARKET

Steadily and surely, the retail and traditional markets are coming together in a merging market

by **John Wirebach,**
Senior News & Feature Editor

When I said I was writing an article on the merging market, X, the owner of a three-store chain said I might want to write about his home town.

"It was a fairly clean town until a few years ago," X said.

The town is in the hills of Pennsylvania where crime, corruption and competition seem to be something you see on TV or read about. The chief industry is the state university. For years, the biggest news in town was the football team. Students call it Happy Valley. About a dozen jobbers split the parts business.

But in the 1970s and 1980s, the town boomed as light industry and service businesses liked the ambience, low taxes, and low rents. By the 1980s, the town was classified a metropolitan area, not a large metro area, but a metro area nonetheless.

There was always another small chain competing for retail business, X said, but in the 1980s one of the largest programmed distributors took over their independent and turned it into a company store. "They were the first. Then the last big independent warehouse started losing sales, and began buying up stores and went straight jobber price to installers. It created a price war. It's absolutely insane. I give my independent jobber friends two years, max. They can't sell at jobber price. They're losing 70-80% of their wholesale business. There was a fair size jobber right near one of my stores that's moved three times now. He went from 6,000 square feet to 1,500. He's shrinking to nothing. What little business he has left is retail people looking for C and D numbers."

X gave a few examples. "I had a Midas store about a mile away. They were worth about $1,000 to $1,500 a month. Then the company store started selling them at straight jobber. I've got the latest Midas statement in my hand. It's $32. They're buying from the company store at 'J minus something'. The company store can live off 'J minus 2%' to dry me up.' There's a Chevy dealer three miles away I was selling at straight jobber two years ago. In three months I got locked out on price alone."

Luckily, wholesale is only a quarter of his business. "We're OK. I buy the majority of my lines direct. We're the last independent that might survive."

And then, a large discounter recently opened a store in town. "My oil supplier is wondering why I'm not buying much oil anymore. The discounter is *selling* oil at $11.88 a case. My *cost* is $16.50 a case. We were selling oil at $17.50 a case and hoping to sell the filter. My oil distributor is now buying oil from the discounter. He's bitching at me and his supplier is bitching at him. The whole distribution chain has broken down. The aftermarket is going the way of the supermarket industry. The big guys have a good marketing feel and they're going to cherry pick the market. The independent is going to be like a specialty retailer and stock the stuff nobody else wants to carry."

The Merging Market

Thus the merging market has come to the hills of Pennsylvania. From the point of view of the small independent, it's a disaster; but from the point of view of the aftermarket, it's a natural process, an evolution. It's much like glaciers and dinosaurs and evolution, or the Hegelian Dialectic with a thesis, antithesis, leading to a synthesis.

We've been talking about the Merging Market for some time now. The Merging Market did not suddenly appear; we can't say it began on July 11, 1987, for instance. Rather, it's a slow, steady progression that's still taking shape. Geographically, it began in cities and spread to the small towns. In many rural markets it's still on the horizon.

On a physical level, Jack Creamer, president of Distribution Marketing, Darien, CT, says the merging market is happening on the top 2,000 part numbers, the A numbers. But what is an A number?

According to Pete Kornefel, president of Hatch Grinding, Denver, CO, his 4,325 A numbers represent 29% of total inventory and 45% of sales. In a recent presentation at the Frost and Sullivan Conference, he noted that the same 13,700 part numbers that represent the limits of retail store inventory (A-B-C numbers for jobbers), represent roughly half his total inventory and 71% of his sales. Perhaps it's more reasonable to talk about the top 13,000 part numbers where jobbers and retailers compete.

Specialization

Although numbers play their part, identifying and classifying the merging market is more a matter of perception and insight. Overall, we see three modes of merger in today's market.

First, specialization. In the early 1980s, drawn by potential high margins, it seemed as if many non-automotive retailers were either going to sell enormous amounts of automotive product in their stores, or buy up automotive chains. As the 1990s began, this seemed much less likely. While grocery, drug, and hardware stores still sell automotive products, the number of SKUs in their stores has not expanded, and by and large they are no longer serious competitors to the auto chains.

At the same time, buyers from outside the automotive aftermarket have had a dubious record in buying and operating automotive chains. Examples that come to mind are Perry Drug, Southland Corporation, Alghanim International, and Lucky Stores. Even the more successful owners such as Rite Aide Drugs suffered several fiascos before finding automotive people to operate the chain successfully.

Another example of what we mean by focus and specialization can be drawn from three chains that were Sunbelt competitors in the early 1980s: Western Auto, Otasco, and White Stores. Only Western early on decided its future lay in automotive sales and went with that concept. Both White Stores and Otasco floundered around trying to be several stores in one while specialists stole the business from them. The result? Western Auto is a $1.3 billion company owned by Sears, while Otasco and White Stores are in the dustbin of retailing, although White's legacy is a $192 million tax writeoff that's currently financing Canadian Tire's second attempt at the U.S. market.

Still a third trend in focus and specialization can be seen in the auto business in discount and department stores. Penney's closed its auto centers in the early 1980s, Kmart continues to weed out marginal centers (currently it's some 1,050 out of 2,350 stores), Sears has downsized its prototype auto departments as just one of seven departments in the store (while buying up specialist Western Auto), and Wal-Mart has selectively opened some auto centers (about 425 out of some 1,600 stores).

Consolidation

A second mode of merging markets is consolidation. The number of store owners is declining. This is happening on both the traditional and retail sides of the market. Consolidation, acquisition, and merger are the key topics in every aftermarket office, whether it be a WD or a retail chain, today. Practically every chain or WD seems to be for sale.

THE EVOLUTION OF THE AFTERMARKET

1920s: Formation of the aftermarket

- Car dealers repair car with parts from OE car makers.
- Jobbers buy and sell parts to independent repair shops without WDs.
- Retailers sell some parts and accessories to DIYers
- Notable beginnings: Western Auto, 1909; R&S/Strauss, 1919; Pep Boys, 1921. National Automotive Parts Association (NAPA), 1925; Genuine Parts, 1928.
- 22 million cars on the road by 1929

1929-45: Depression and World War II

- Only 25 million cars on the road by 1945

1940s-1950s: Post-War Boom

- Gradual assumption of regional distribution by WDs
- Establishment of three-step distribution (WD/Jobber/Installer)
- Automotive Warehouse Distributors Association (AWDA) formed
- Automotive wholesalers: 1953, 9,325; 1963, 22,883
- First automatic transmissions, power steering and brakes, air conditioning, 12-volt batteries
- Twice a year tuneups, oil changes every 1,000 miles, 90-day warranties
- 40 million cars by 1949 and 61 million by 1959

1960s: "The Golden Age"

- Flight to suburbs; two and three car families
- "It's impossible to lose money selling auto parts."
- Gas stations reach 216,000 (359,000 repair shops), buy through 24,655 wholesalers (1967)
- Availability and service key sales factors
- Supplier dominated distribution
- Mass merchandiser discount stores and auto centers
- Steady growth in DIY sales; manufacturers start white box program for retailers
- Automotive Parts and Accessories Association (APAA) formed
- Specialty Equipment Market Association (SEMA) formed
- Power seats, locks, windows, cruise controls
- 90 million cars by 1969

1970s: The decade of change

- Two gas shortages in 1973 and 1979 close 100,000 gas stations
- Number of repair outlets falls to 275,000
- Rise of jobber retailing through programmed distribution
- Import car sales rise to 25% of new car sales
- Radical OE design, engineering, and downsizing changes leads to parts proliferation
- Clean air act adds emission control devices to cars
- Drive for mandated fuel economy
- Electronic ignitions, disc brakes, catalytic converters

1980s: The fragmented aftermarket

- Early 1980s, a severe recession hurts new car sales
- Average age of cars reaches 7.6 years; a third of cars on the road are more than 10 years old
- Drastic rise in franchised repair specialists
- Grocery, drug, hardware stores add automotive SKUs
- Merger mania leads to 20 or more megachains with more than 100 stores
- A jobber store a day closes
- Some 20 or more programmed groups in business
- Revival of the performance market
- Stocking import parts a key problem for retailers and wholesalers
- Growth in light truck sales
- Stainless steel exhaust, ABS brakes, electronic suspensions, electronic fuel injection
- 144 million vehicles on the road by 1989

1990s: The merging market

- Key question: Will DIY sales decline?
- First automotive warehouse stores open
- Specialized automotive warehouses are big business
- Programmed distribution spreads to retail and performance markets
- Automotive Service Industry Association Count: 700 WDs, 26,200 jobbers
- APAA Count: Auto parts chains operate 14,100 stores

While consolidation has slowed in 1991, perhaps the single most important trend in the retail market was the merger and acquisition mania that led to consolidations and bankruptcies in the 1980s. Only Advance Auto, Champion Auto, Genuine Parts, and Nationwise of the twenty largest auto chains have not changed hands since the 1970s.

The spate of mergers and acquisitions created the megachains. By our count, there are now twenty chains operating more than 100 stores. Four, in fact, operate more than 500: Northern Automotive, based in Phoenix, bought up the smaller Schuck's, Checker, Kragen, Crown, U-Save, and Autoworks chains for a total of some 800 stores; Chief Auto Parts, Dallas (about 520), AutoZone, Memphis, TN (about 560), and the Genuine Parts-owned NAPA stores which owns some 650. Western Auto, Kansas City; Trak Auto, Landover, MD; and Pep Boys, Philadelphia, all own more than 300 stores.

Although the big buyers have been retailers, the traditional warehouses haven't stood still. WDs suffered most from the booming DIY market and gas crisis of the 1970s. Many weak WDs and jobbers went out of business or were consolidated into larger WD groups. Key examples of this are the AI Automotive (New York) purchase of some 20 smaller warehouses over a four-year period, and the Cardis (Buena Park, CA) amalgamation of half a dozen California warehouse operations into the second largest WD company in the country. Other warehouses practiced looser consolidations into buying groups to cut acquisition costs.

In addition, recently, CARQUEST wrote to correct our Top 100 listing of Valley Motor Supply and Keenan Auto Parts as separate entities. Both are owned by General Parts, Raleigh, NC, which also has operations in Minnesota, Michigan and practically every Southern state. Its most recent deals are mergers with CARQUEST partners Indiana Parts Warehouse and World Supply in Lemont, IL. Other WDs such as Parts Inc., Memphis, went on a jobber buying spree in the 1980s, ending up with 180 or so jobber stores; and Fisher Auto Parts, Staunton, VA, continues to snap up small jobbers until it currently owns 181.

Consolidation Strategies

What is the conceptual strategy for consolidation? Hank Allessio of Easton Consultants, Hopkinton, MA, puts it this way. "The party line is: By acquiring larger market shares you get market density and scale economies. This translates into lower unit costs. If you lower costs and market prices stay the same, you get a higher profit. The market is consolidating. As the market sorts out or rationalizes, and other chains fall aside, then prices and profits rise. The survivor in a rationalized market is in a good position. If you develop this kind of cost position, then you're in a strategically defensible position. Then you can thumb your nose at the competition."

Allessio suggested the analogy of today's unregulated airlines. "I defy you to fly cheaper from Boston to Detroit than you can from Boston to L.A. That's because you have a controlled market on some routes. A rationalized market if you will."

But, Allessio pointed out, "That only works if there're strong economic barriers to entering the business. I question whether Northern (with 800 or so stores) is in a better position than Pep Boys (with slightly over 300). The number of outlets may not be the key strategic variable. Twenty years ago A & P was clearly the largest grocery chain. It had stores in every town. But while little regional chains like Winn-Dixie in the South, Ralph's in the West, and people like Kroger didn't have the number of total stores, but they had market density. They operated more efficiently at the local level. They started eating A & P's lunch. And where is A & P today?"

It may also be a challenge to get to a rationalized market position. Allessio charts the operating results of public chains. He notes that when inflation is factored into the sales figures, actual sales growth has barely kept pace with inflation. The auto chains have increased sales only through income from new stores. A chain that stops growing for any reason is in trouble since it must continually increase sales to pay off the debt loads accumulated through acqusitions. The key, for Allessio, is the failure of many large chains to perform as well as smaller chains.

The Down Side

Judging from the results of companies that have put together big chains, you might seriously wonder if bigger is better when it comes to profitable operations. Indeed, you could dispute whether a growth through acquisition philosophy really works. Retailers such as Perry Drug which put together a 250-store chain chiefly through a five-year acquisition plan sold out under financial pressure, while Northern Automotive (which began buying with the highly successful Schuck's chain, then bought financially troubled Lucky Stores and Perry Drug) has had continually problems and recently sold off Crown Auto. On the traditional side, both Cardis and the Kuwaiti-owned AI collection of 20 or so warehouses went bankrupt, although Cardis is in the midst of recovery.

Jack Creamer has a simple reason for such poor results: "The traditional market is overcrowded. There're not enough customers. There's a shrinking of the pipeline going on. A normal shakeout. It's not caused by any unusual phenomena. It's not all bad management. Look back; there were 225,000 gas stations. Now there're 120,000. There were 30,000 car dealers. Now there're 20,000. Where are jobbers going to sell?"

Creamer sees a 1990s aftermarket of 25,000 jobbers, 20,000 car dealers, 400-500 WDs, and about 130,000 gas stations. "There'll be six to eight program groups, fully integrated. Then you'll see some niche marketers."

On the retail side, Creamer was no more optimistic. "You don't need that many retailers. Northern acquired four companies but three were marginal performers. Getting bigger doesn't automatically make them profitable. The concept is good, but there's so much corporate debt, so many logistical things, past dues. They must sort it out. That's scary. But take Pep and Genuine. They make nice money and profits. They don't deviate from plans. They don't have random acquisitions."

Creamer blamed consolidation on suppliers flooding the market with inventory. "Overcapacity sets up some bad patterns. It will all sort out, but we're in transition. One problem is accounts receivable. Suppliers replaced banks for many WDs. They had to do it to keep their distributors afloat. But they will have to let some go. This is a transition period that vendors must deal with. The bays will be there in the future. All the demographics are there. The underlying health of the market is good. But the market must go through a transition and vendors will have to adjust."

RETAILERS AND JOBBERS: WHAT'S THE DIFFERENCE?

Although it's hard to tell some newer or remodeled jobber/retailer stores from auto chain stores, there are still distinct differences between the two types of stores. The single most important difference is what they sell. More than two thirds of jobber sales come from parts sales, while sales of parts amounts to just over half of auto chain stores sales. Other differences:

- Most jobbers have been in business longer.
- Some 40% of jobbers don't have self service.
- Chain stores are open longer hours, more days.
- Chain stores average twice as many transactions.
- Jobbers seldom advertise.

Category	Auto Chain % of Sales	Jobber % of Sales
Parts	35%	71%
Accessories	28	6
Chemicals	9	2
Batteries	8	4
Motor oil	7	5
Other (tires, services, installations)	13	12

Sources: APAA Fair Study, *Automotive Marketing*, Lindsey-Kaufman.

And Art Lottes, president of A.E. Lottes, St. Louis, and president of CARQUEST, said, "A lot of people are going out of business. It's got more to do with rationalizing overcapacity than anything else. The system isn't broke. It works. We have jobbers in the midst of the most competitive situations that are thriving. They have good inventory, sharp people on the phones, and good delivery. They do the basics. If you don't have a competitive edge, don't compete."

The president of one of the biggest programs in the country thinks consolidation on the traditional side is healthy. "A lot of companies are going to go down the tubes. That's good, it's cleaning up the industry. The worst competitor there is is one who's fighting for his life. He's like a wounded bear; he'll do anything. A little bit of consolidation will help get some people out of the business. The kind of guys who want country club memberships and pay themselves big salaries. We'll get a little more discipline and business orientation in the industry.

"You'd be shocked at the way some people run their business. A lot of WDs lived well and made money. Now it's to [illegible] keep competing against the programs. You have to add value to your sales.

"It's easy to run a platoon, but it's hard to run an army. You get a lot of slick financial guys buying screwed-up distribution, and then they can't figure out how to run it. They can do the number crunching, but it's a service and people business. The slick financial guys are not ready to roll their sleeves up and get to work. There's not a lot of mystery to this business although some people think there is. You buy and sell parts and be sensitive. You block and tackle better than the next guy."

Effect On Suppliers

A second effect of consolidation falls on suppliers. The top ten chains on our Top 100 list, for instance, owned 1,804 stores in 1982. As of our latest count in July, 1991, the same ten chains own 4,109 stores, which means the ten chains more than doubled their size in not quite ten years. During the same period of time, the same ten chains bought up, merged, or somehow incorporated more than 40, and closer to 50 previous chains into their operations. Each of the incorporated chains represented a buying location no longer in operation. So while the number of auto stores continues to increase, the number of store owners (and buyers) is actually declining.

As buying points decrease, interesting regional situations occur. For example, Four retailers — Pep Boys, Kragen Auto, Trak Auto, and Chief — dominate the Los Angeles retail market, while NAPA, Big A and CARQUEST all operate jobber stores. But of the seven operations, only CARQUEST actually has a member warehouse with a buying office in L.A. Pep Boys, Kragen, and Trak all closed Los Angeles offices in the 1980s. It seems strange that the largest single automotive market in the country, and the place where fads and trends tend to begin, lacks a major buyer.

Fewer buyers also mean that retailers and programmed groups have gained the kind of clout no one foresaw twenty years ago. Today, it's the retail segment that dictates changes in distribution. Suppliers who fail to sell the major chains can easily be frozen out of regions, which means both large programs and retailers are now able to squeeze suppliers for the very best deals and advertising support over and above normal coop allowances.

One supplier said, "The big guys are going to eat the little guys. I have no idea how some of the small guys are surviving now. Eighty customers account for about 85% of our sales. It's going to get worse before it gets better. I can see maybe only 50 customers in five years. And everybody will be there with their hands out."

A buyer for one of three competing chains in an eastern city said, "Do I play one vendor against another? Of course I do. Do suppliers want to pay for all the promotion stuff the chains are doing? Of course not. But the real question is, will they do it? Sure, if it's a power chain. Any kind of deal you can conjure up is out there if you want to look for it."

Merging Channels

The success of retailers created the third, and perhaps, the most important mode of the merging market. Slowly but surely the traditional WD/jobber/installer channel and the retail channel are beginning to resemble one another in the way they go to market.

Probably the heaviest impact from a merging market has fallen on the traditional market. Traditional WDs and jobbers still control almost half of all parts sales, with close to $20 billion in sales in 1990. But while it remains the leading channel, the traditional channel is not the same distribution channel it was in the 1960s.

First, to offset the direct buying advantages of the retail chains, WDs formed buying groups to get better pricing from suppliers. While groups like NAPA and Big A had been around for some time, the big push to join a group came first in the mid-1970s, and once again in the mid-1980s. According to the latest Automotive Warehouse Distributors Association (AWDA) membership directory, 81% of 230 WDs are members of a programmed group.

The chief result of programmed distribution was to make the jobber a better retailer. The average jobbers went from less than 10% cash sales in the early 1970s to about 35-40% cash sales by the late 1980s.

Probably the simplest example of the effect of programmed distribution is in the store look. Because of programmed distribution it can be hard to tell the players without a scorecard. New NAPA and Parts Plus stores look more like Pep Boys or AutoZone stores than they look like traditional jobbing stores. This is one obvious way the two markets have come to resemble each other.

While the traditional market became more retail-oriented through programmed distribution, the late 1980s saw a return to the service dealer. Lately, WDs are trying to find ways to apply programmed distribution to their wholesale customers through better prices, computerized linkage, and even some full-scale conversion programs. One obstacle seems to be convincing mechanics to use private label parts.

On the retail side, a few retailers are beginning to examine the ways retailers can reach installer customers. Hi/LO Auto, Houston, is one retailer that's had some success with selling wholesale to professional installer customers. Others will follow and here too channel distinctions will decline.

Captive Stores

But perhaps the single most important way the traditional and retail have come to resemble each other is in captive stores. A very long time ago, a supplier described Pep Boys as simply "a large WD with captive stores." He was absolutely correct, and a growing number of WDs are becoming large WDs with captive stores.

One reason is a declining jobber base. The best estimates say the jobber count has declined from about 32,000 in the 1970s to about 25,000 today. A second reason is the jobber's ability to buy elsewhere. As a by-product of programmed distribution more and more suppliers have found themselves frozen out of areas. And so, more suppliers are selling direct to jobbers and large installers. When *Automotive Marketing* surveyed chains with fewer that 10 stores for this issue, we found that the small chain buys an average of 46% of its product direct from the manufacturer.

Indeed, the percentage of product jobbers buy from full line WDs has been steadily declining to about 55-60% of dollar volume. In addition to buying direct, the jobber now patronizes specialty, performance and discount warehouses, and for some import lines, car dealers. So the full line WD continues to lose business.

In response, an increasing number of WDs own and operate their own stores, and the number of jobbers they own is also increasing. When we reported on WD-owned stores in 1987, we counted 2,017 jobber stores owned by AWDA members. This year, for the first time, AWDA added this statistic to its membership directory. According to AWDA, 113 AWDA WDs out of 230 U.S. WD headquarters (roughly half) own stores. The member owned stores total 2,131. However, several major WDs did not list their company stores in the AWDA directory; and, just judging from five member WDs that we know do own stores, we could easily add 475 more stores to the list, so it's quite likely that AWDA members have added at least 600 stores in five years.

Our total estimate in 1987 was about 3,500 stores owned by WDs; Jack Creamer and Jay Bock believe it's closer to 5,000 now. That's close to 20% of all jobber stores, although some of the WDs may actually be captive, or paper warehouses owned by jobber coops.

The leading WD owner is Genuine Parts, the leading NAPA distributor, which owns about a tenth of NAPA jobbers. Two other NAPA distributors, Davis and Wilmar, Pittsburgh, and Brittain Brothers, Oklahoma City, also make our top 100 list. Other WDs fast acquiring jobbers are General Parts, the largest CARQUEST WD, and Fisher Auto Parts, which also operates the Federated program.

The move to retail with its accompanying growth in jobber retailers was the reason most WDs got into owning stores. The first phase came with programmed distribution which tied jobbers and warehouses closer together and allowed better pricing and merchandising programs. Now, perhaps 80% of all jobbers are involved with a program to some degree. To some degree is the operative phrase. WDs concede that at best slightly over half their customers buy 80% or more from them. Even more importantly, the warehouses still lack control of jobber-owned stores. And, while the programs made the jobber competitive in smaller markets, in major cities the jobber was still priced out of the game. For one thing, his pricing was still higher in competitive product lines; but even more importantly, very few entrepreneurs could afford retailing locations. While traditional jobbers could go anywhere and service dealer customers, jobbers who wanted to retail had to go to expensive retail-oriented locations.

Retailing

So, most of the WDs involved in programs

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took the logical next step and opened owned jobber/retail stores in order to compete. Today, most of the major program groups—NAPA, Big A, Parts Plus, CARQUEST—are competitive in metropolitan markets because their member WDs own stores.

The need to compete for the retail dollar also led independent traditional warehouses to set up retail operations. As a result, some of the largest and most successful WD store operations are wholly retail such as Parts City (26 stores owned by Alexander-Seewald, Atlanta), or primarily retail such as the 115-store O'Reilly/Ozark chain, Springfield, MO; the 94-store CARQUEST chain owned by Straus-Frank, San Antonio, TX; and the 36-store Taylor Parts chain owned by TPS, Andalusia, AL.

Mike McTeer, advertising manager at O'Reilly/Ozark, said the trend will definitely continue. "It has to. The control factor is so important. Based in a competitive market, unless you have absolute control of the program and the pull through, you're lost. The jobbing industry up to now has been a haven for Ma and Pa. It's so difficult to deal with some of them. They've been doing it their own way for so long. You try and develop and work your program, and a lot of independents don't give it a chance to work. And you just can't march in and say, 'Do it.' In our own stores, if a program isn't working, somebody answers for it. A lot of independents have fallen far behind, and their future is bleak."

In line with this, 15% of of the small chains on our survey conceded that WDs selling direct or buying their own stores was the biggest threat to their existence. "The worse part is the big guys like NAPA and Big A always say they're going to protect their little independents," one jobber said, "the guys I compete with. Then, about every month they come in and ask me if I want to sell and become a company store."

Dirk Hoyt of Hi/LO, a 108 store chain that recently went public, suggested, "If WDs don't buy their customers, eventually they're not going to have many people to sell to." Hoyt says this has already occurred in Houston. "There're virtually no unaligned stores left. There's a real shakeout. Several warehouses have gone out of business, and several have such bad business they're selling direct to DIYers at jobber price."

There are also fringe benefits to retail operations as Alexander-Seewald's Jack Alexander III pointed out. "The Parts City Stores complement us very well," Alexander said. "They allow us to stock retail items that would not have the volume otherwise, and we can offer the retail items to our independent jobber customers. Still, if you do one thing well, you may do two things half as well. You're running two programs with the same management. There're equal strengths on both independent and company sides. We're not going to leave our independents in favor of retail. Each side gets better because of the other."

If anything, Alexander said, the independent stores the warehouse services are increasing faster than Parts City stores. "I'd have a hard time deciding whether I'd want ten new company stores or ten new independent customers."

In Savannah, GA, Alexander-Seewald opened Parts City stores because company-owned stores are necessary in metropolitan areas due to "the inadequacy of 'Ma and Pa' stores to remain competitive in metropolitan areas." Alexander explained. "That's exactly the situation we saw happening. Jobbers in Savannah were closing one by one. The survivors were either NAPA stores or retail chains. The jobber base was not the type business we wanted to build our business on. After we opened our seven Savannah stores, we had four stores join our AutoSure program. They saw our stores and said, 'Maybe I can do that too.' So, the programs complement each other."

Integration

The most recent additions to the aftermarket also reflect a merging market. On the retail side are the first warehouse stores that opened in California in 1990 and in Indiana in 1991. These clubs sell 17,000 SKUs with no frills at a 10% markup, lower than even retail chains. They combine a tire store and a DIY store under one roof. On a more traditional note, specialized warehouses such as A & P in Memphis which grew from $5 million in 1980 to almost $450 million this year simply by stocking only A and B SKUs at substantial discounts. The trend toward specialization among WDs continues with undercar WDs, engine part WDs, and performance WDs.

The next step would seem to be total integration. A store open to the public with a WD's inventory that delivered like a jobber. Is that possible? There are already WDs that deliver at jobber price to major installers. Some further integration is the wave of the future for WDs and retailers alike. The traditional market will more closely resemble the retail market where programs are decided at the highest level. Retailers will either provide service or sell service customers." ■

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MERGING MARKET:

WILL THE SMALL CHAIN SURVIVE?

As the aftermarket merges and consolidates, will the small chain survive?

by **Phil Katcher,** Business Editor, and
Regis D'Angiolini, Editorial Intern

It's all the fashion to look at the large chains, the Northern Automotives, NAPAs, and AutoZones, which have been notably successful in today's merging market. And, it's helpful in running any size business to see how these chains have gotten where they have.

But in thousands of towns across the country, the small auto parts chain store is still the place where the DIYer and professional installer alike buys starting system parts, carburetors, and brake system parts. Small chains—chains with fewer than ten stores—survive despite rising insurance rates and taxes, government legislation mandating expensive employee benefits and environmental measures, and increased competition from large discount and auto parts stores chains.

"The fact of the matter is that small business is the backbone of the country," said Walter McLaughlin, president of McLaughlin Automotive Stores, a seven store chain in Providence, RI, and a past director of the Automotive Service Industry Association (ASIA), Chicago. "That's what has made us great here."

However, looking into a future apparently dominated by Wal-Marts and Kmarts, by Pep Boys and PACCAR, how long can these small chains survive in their present forms? What do they have going for them today? And, what will they have to do to survive?

Defining The Small Chain

Small chains have a great deal in common.

Recently *Automotive Marketing* surveyed small chains across the country and discovered that the average small auto parts chain is 32 years old and consists of four stores that are family-owned. The average small chain store has just over 6,000 square feet with an inventory of between 20,000 and 30,000 stock-keeping-units (SKUs). A total of 38% of the average small chain's sales are accounted for by retail sales, mostly to DIYers. The chain has a total of 35 employees, of whom three work in a central office and hold management titles such as general manager, buyer, or president.

In reality, there probably isn't a small auto parts chain that fits this description exactly. Across the United States, small chains are managed, organized, and operated in a bewildering variety of ways. Although we found that most of these chains are family owned, not all can fit

A customer is waited on at the Bismark store of Hedahls, Inc., a 14-store chain based in North Dakota. Close relationships between company management and its customers allow the chain to respond to market conditions better than a large chain can, according to company president Dick Hedahl.

Blackhawk
Buy the best... buy

AND TRUCK REPLACEMENT CARPETS
TRW
JACKS
BATTERIES DURACELL
FLASHLIGHTS
F YO

Five countermen at a Mechanics Auto Parts store keep the company's computerized inventory and ordering systems busy.

into a "mom and pop" type description. Not all are 32 years old; not all have the same number of stores; and not all have the same number of employees. Small chains are true individuals.

Our survey found that many small chain owners began their businesses during the 1960s. We found that the largest single group of small chains, 31%, has been in business between 21 and 30 years. Another 24% has been in business 11 to 20 years, followed by 12% at both 31 to 40 years and 41 to 50 years.

Our survey also found that the largest single group of small chains, 24%, consist of three stores, while another 22% consist of four stores.

One third of the chains in our survey were found to have between 15,001 and 20,000 SKUs in their average store. Another 29% had 15,000 or less SKUs, and 25% had between 20,001 and 30,000 SKUs.

Most of the chains we surveyed have stores that are smaller in terms of square footage than many operated by large chains. Exactly one quarter of the small chain owners we surveyed said that their average store has between 5,001 and 6,000 square feet. One fifth said that their average store has between 3,001 and 4000 square feet and another 18% said that their average store has 6,001 or more square feet. There are few "super stores" operated by small chains.

The survey discovered that most small chains are traditional jobbers. Almost two-thirds, 63%, said that sales to DIYers account for 35% or less of their total sales. Another 20% are mostly retailers, with their sales to DIYers making up 60% or more of their total sales. Another 17% are jobber/retailers whose DIY sales make up between 36% and 59% of their total sales.

More than half (61%) of the chains we surveyed were programmed distribution group members, with the largest single group belonging to NAPA.

Our survey also found that most small chains are holding their own at the present time. While two-thirds of the small chain owners we surveyed are not planning to open any new stores in 1991, almost all small chains, 96%, aren't closing any of their stores, either. That doesn't mean they wouldn't take advantage of any expansion opportunities that could come their way. Just over half of the chains we surveyed, 51%, said that they would acquire other stores or even chains this year if they had the opportunity.

Problems Of The Small Chain

Although small chains are surviving, their owners say running such an operation is not without its problems. We asked small chain owners if managing a small parts chain was more difficult today than when they started. An overwhelming majority, 89%, answered yes.

However, when asked about specifics of what the most serious threat to the health of their chain was, most small chain owners answered insurance, especially medical, and other employee benefits.

"Most of our employess have been with us 10 years plus," said Mickey O'Dell, vice president and general manager of Auto Parts Service, Inc., a three store chain headquartered in Beckley, WV. According to him, his employees "expect increases in pay each year and for us to maintain benefits. It is becoming increasingly hard to do." Adds McLaughlin, "Insurance of all types is out of sight."

The second highest ranking threat is government and taxes. Depending on the region of the country, some small chain owners said that new environmental legislation had an effect on their business as well. "It's starting to snowball," said David Huntley, vice president, Japanese Auto Parts and Service, Reuton, WA. "It's waste oil. The EPA wants you to get rid of it, but they won't tell you what to do with it."

"It's difficult generating enough revenue to satisfy the government," said Walter McLaughlin. "The picture is not bright here. We're not getting much bang out of our buck. The U.S. over the last 30 years has ruined the greatest industrial machine the world has ever known." Mixing metaphors, he added, "The bubble has burst and now we're sitting here with egg on our face with a real problem."

To help solve this problem, McLaughlin advises other small chain owners to "get involved in government. Even if it's only writing letters. We definitely need reform."

Competing With Large Chains

The third major problem small chain owners see is competition from large chains, most of which advertise heavily and offer greatly discounted prices. "The large chain has an outrageous advertising budget," said Rick Todd, owner, Discount Auto Parts, Conroe, TX. "I don't have two to three million dollars a year to advertise with." The big chains have another monetary advantage, according to Richard Beirne, president of United Auto Supply, LaCrosse, WI, an eight-store chain. "Market conditions lead to price cutting," he said. "The big players have an unfair advantage here." Agreed manager Kelly Schlake of Atlantic Motor Supply, Atlantic, IA, a chain such as his three store operation can't "buy at a reasonable price because of our small size."

"Finding and keeping good employees" said Doc Zylkstra, owner of S&A Auto Parts in Lynden, WA. Indeed, that dilemma ranks as the fourth biggest problem for small chains. Japanese's David Huntley keeps his best help by "allowing the employees to gain shares in the company for incentive and stability."

Employee problems are followed by price

MECHANICS AUTO PARTS
TRW

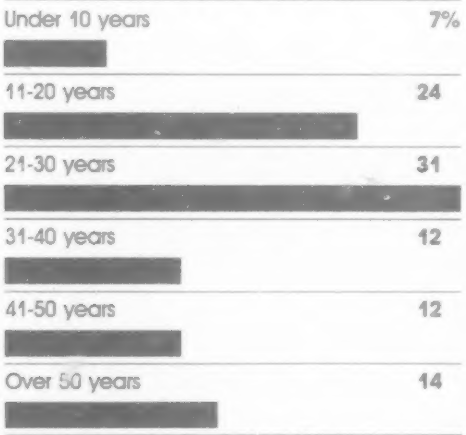
Signage on a typical Mechanics Auto Parts store stresses that the chain stocks import parts: The result for this store is at least one Honda Civic owner. Small chains can quickly change inventories to meet local needs.

cutting and parts proliferation. "So many dollars for parts numbers," complained Richard Morris, president of Morris Auto Supply, Stockton, CA. "We've had ongoing discussions on how to address parts proliferation," said Dick Hedahl, president, Hedahls, Inc., Bismarck, ND. "It's not possible to have inventory for everyone on the shelf at all times."

Many small chains have problems with WDs selling direct to their professional installer, and even some DIYer, customers. Bernard J. Garber, who has auto parts stores in Nyack and Haverstraw, NY, said in fact his main problem was "warehouses who do not remain strictly warehouses and sell directly to *our* customers and undercut our prices." He also added that "those who do, we refuse to buy from." Allen Gartrell, secretary/treasurer of The Internal Engine Parts Group, Inc., Meridian, MS, called them "paper mill warehouses." Complaints about these WDs were heard from stores ranging from Canoga Park, CA, to Cheshire, CT, and from Seattle, WA, to Aiken, SC.

YEARS IN BUSINESS

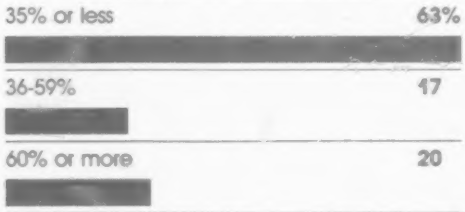
We asked how many years they'd been in business. Small chains tend to be long-lived.



Source: 1991 *Automotive Marketing* small chain survey

PERCENTAGE OF DIY SALES

We asked what percentage of small chain sales went to DIYers, compared to traditional areas such as wholesale, fleet sales, and machine shop.



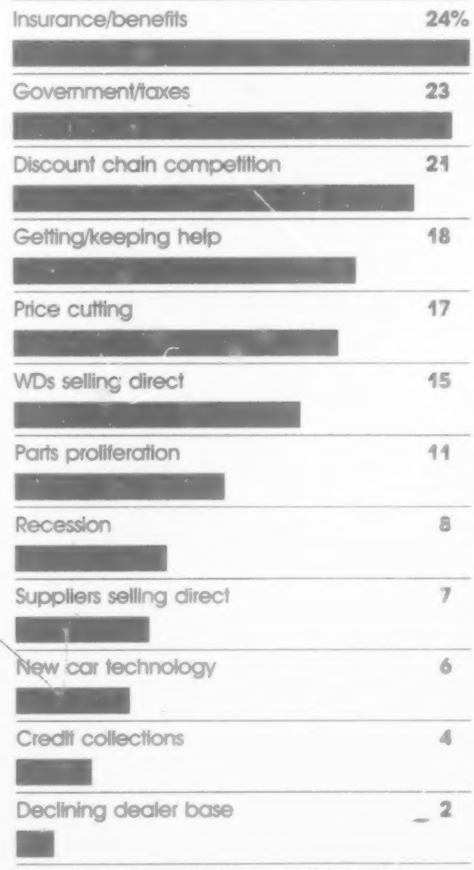
Source: 1991 *Automotive Marketing* small chain survey

Add to them, said Billy Klein, general manager of JK Auto Parts in Bailey's Crossroads, VA, "manufacturers that can't decide which side of the street to play" and sell direct to professional installers as well. Direct sales are obviously a wide-spread problem.

Training counterpersonnel in today's technology is a problem that several small chain executives mentioned. Richard Beirne said, for example, "We are facing a lot of technology that requires more in-house and dealer education." But, according to David Huntley most training materials manufacturers produce is nothing more than a "sales meeting."

THE BIGGEST THREAT TO THE SMALL CHAIN

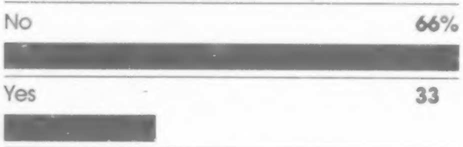
We asked owners of small chains what their biggest threat was. Mandated costs were the things they worried about most.



Source: 1991 *Automotive Marketing* small chain survey

OPENING NEW STORES?

We asked if the surveyed chain was planning to open any new stores in 1991. Most were content to maintain the status quo.

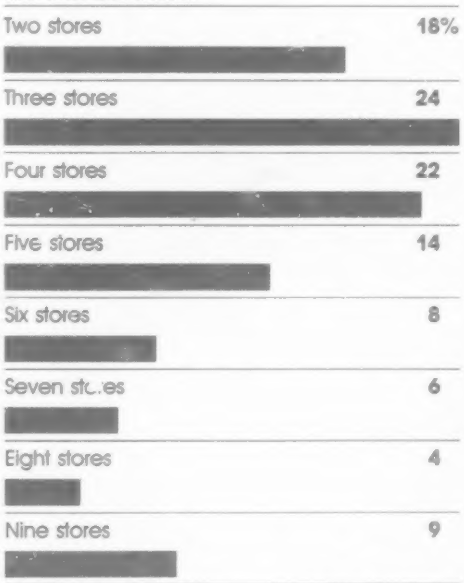


Source: 1991 *Automotive Marketing* small chain survey

Some worried that their chain's health depended on their own health: "The disability or death of myself or a partner...a catastrophic occurence of a tornado or similar event wiping out the main store...competition from warehouses direct to our customers on more popular items," are the potential problems facing Rod Streff, president S & W Auto Parts, Holdridge, NE.

HOW MANY STORES IN THE SMALL CHAIN

Over half of the small chains have between two and four stores.



Source: 1991 *Automotive Marketing* small chain survey

The Small Chain's Strengths

But, there are strengths found in being a small chain, too.

When asked what is the biggest strength of being a small chain, many answered an added flexibility which is the result of their size. "This flexibility is versatile." said Leon Bosquet, general manager of Auburn Auto Parts, a five store chain headquartered in Auburn, MA. "It goes from being able to choose lines and pricing as well as chosing customers."

Dick Hedahl said that, "We can respond to market conditions better than a large chain. We're big enough to be a factor and small enough to react rapidly."

"Our upper management is very involved in the day to day details of running this business and servicing our customers," said Steve Brooks, owner, Piston Service Company of Indiana, Inc., Indianapolis, IN. "There are not several layers of management that shield our top management from daily details that allow us to keep our fingers on the pulse of our market."

Walter McLaughlin is another executive whose chain's size allows him close management abilities. "I can closely monitor all of the expense factors in my business," he said.

"Obviously our purchasing must be in tune with our customers' demands," said Robert S. Marshall, president of the four-store retailing chain Marshmallow, Inc., headquartered in Falmouth, MA. "The key ingredient to our being able to accomplish this goal is that our buyers are also our sellers. This direct customer communication is possible only in a specialty store environment."

Service Is A Strength

Service, Marshall feels is what gives the small retail chain an advantage over large chains. "To enter into a discussion of service is to do nothing more than state the obvious," he said. "How many horror stories have we all heard about the 'big department stores?' Being small allows us to work our salespeople and our customers every day. Deliveries from the manufacturer to the store and the store to the customer can always be tracked. Greeting a customer properly as he or she enters the store can always be observed. Delivery and support people always find management accessable. Long lists of rules and regulations can always be eliminated. The word 'no' does not exist in any of our stores.

"A word key to our commitment to service is flexibility, rarely used by our 'big store' competition. There is always a rule that needs to be bent or broken. There is always a situation that requires a friendly voice or a smiling face, rather than a form letter. When a customer calls to ask, 'how late are you open?' we respond with, 'what time can you get here?' Certainly not an available response from one of the 'giants'."

Rod Streff agreed with Marshall, pointing out one of the strong points of his chain is "our personal relationship with our customers."

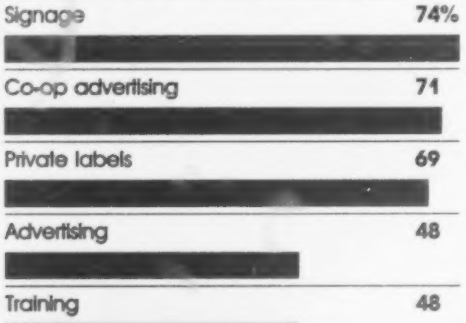
Mickey O'Dell also noted that rapid inventory adjustments are an advantage in a small chain. "We are able to adjust more quickly to an ever changing marketplace," he said. "We can adjust inventory levels and sales plans without going through corporate channels. The people who make management decisions are directly involved with the customers." Phil Simon, of Richard's Auto Centers Corp., a four-store chain headquartered in Detroit, agreed that smallness gives his chain strength through tighter control over its operations. For example, he said, "Immediate adjustments can be made in purchasing and selling of inventory and adjustments of expenses, primarily in payrolls. Also we have been able to attract and keep more talented counter staff than larger chains, also savings in payroll because of fewer layers of management."

Employees of higher quality than those found stocking the shelves of many large discount stores were often noted as a small chain advantage. Streff said one of his advantages was the "ability to hire and train top quality employees who remain with you for a long time."

"Many larger organizations have systems in place that they feel make their programs successful," said Brooks. "We feel quality personnel makes us a cut above the rest. We feel peo-

SERVICES THEY USE

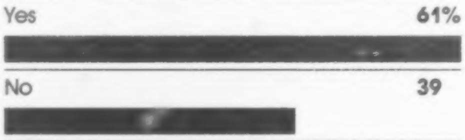
We asked what services they used that their programmed distribution groups offered.



Source: 1991 *Automotive Marketing* small chain survey

MODERNIZING ANY STORES?

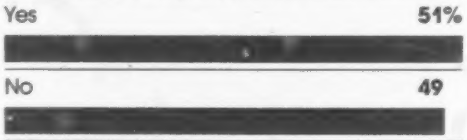
We asked if the surveyed chain would invest in refurbishing, enlarging, or modernizing its stores in 1991. Most planned such investments.



Source: 1991 *Automotive Marketing* small chain survey

ACQUIRING ANY CHAINS?

We asked if the surveyed chains *would* acquire any stores or chains in 1991 if they *had the chance. Just over half would.*



Source: 1991 *Automotive Marketing* small chain survey

THE SMALL CHAIN GROWS

Many small chain owners aren't content to stay small, but are planning expansions to make their companies major players in their markets. Mechanics Auto Parts, Inc., Blackwood, NJ, is a perfect example. It has expanded from one store to nine with a machine shop and a distribution warehouse in only 15 years. With 80% of its business as wholesale, the company is a traditional jobbing firm.

"Expansion was not a plan," said Joe York, president of Mechanics Auto Parts. "The industry forced us into expansion. We grew to minimize expense. I'd rather still have a little parts store up the street."

York's business has gotten pretty far away from simply being a "little parts store." Mechanics began in 1976 when York and his brother Michael bought such a store from a local jobber. From then on York built his chain, mostly through acquisitions. All but two of his stores are in buildings the company itself owns rather than leases.

"We would get strong in a market and we would start servicing a neighboring market," York said. "We grew in a periphery."

York bought his second store in Haddon Heights, NJ, in 1980. A third store was acquired in Moorestown, NJ, in 1981, and the chain opened a machine shop in 1982. Mechanics continued to grow throughout the 1980s and in August of 1989 purchased a 36,000-ft. distribution center in Camden, NJ. Some 70% of the company's inventory is purchased directly from manufacturers.

The company's average store is 5,000 square feet in sized and stocked with some 29,000 SKUs of product. Highly computerized, Mechanics uses POS systems, as well as computers for inventory control, payroll, electronic ordering, and billing.

Joe York, president of Mechanics Auto Parts, Inc., Blackwood, NJ: "The industry forced us into expansion. We grew to minimize expense. I'd rather still have a little parts store up the street."

Today Mechanics is a corporation with four owners, including York. The company employs 161 people, 14 of whom are in management. Currently, York plans to open two new stores across the Delaware River in Philadelphia later this year. Beyond that, York expects Mechanics Auto Parts to grow to 20 stores by 1995 and 35 stores by the year 2000. He will draw on bank loans to finance much of this growth.

"We go to market as an umbrella for the installer," he said, confidently. "Our average customer buys 95% of his purchases from my company." York reaches his customers through direct mail and flyers as well as some radio advertising.

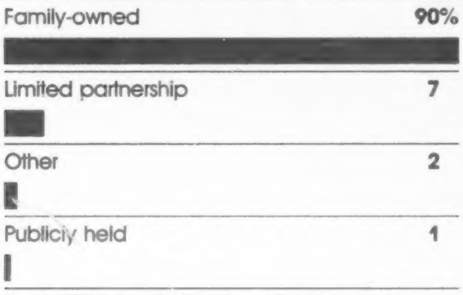
Although facing competition from nearby jobbers, Pep Boys stores, and an AAAD outlet, York doesn't see any serious problems facing his business today. He is concerned, however, about "inventory proliferation." He thinks his chain's greatest strength is its flexibility. ■

ple buy from people.” In part, Rick Todd said that his employees were better than those in large chains because they “care about the customers and their problems.” According to H.K. O’Quinn, Keith’s Auto Parts, Inc. Charleston Heights, SC, his personnel share a “common bond with our customers” due to their “home town philosophy.” Agreed Atlantic’s Kelly Schlake a small chain’s strength is “being able to remain one-on-one with customers and know the names, faces, and families within the community.”

Even family ownership can be a strength. According to James E. Smyth, vice president of Smyth Automotive, Cincinnati, having several family members in each of his company’s eight stores helps directly oversee the business. However, warned Herbert Mines, president of Herbert Mines Associates, New York, “Even small businesses need careful articulation of who will do what. The company should resist generalities like ‘hands-on’ and ‘we’ll work together’ as a substitute for careful definitions of authority and responsibility and clearly established assignments. Even if there are only a few people, each should have a reasonably clear focus on their priorities.”

HOW THEY'RE OWNED

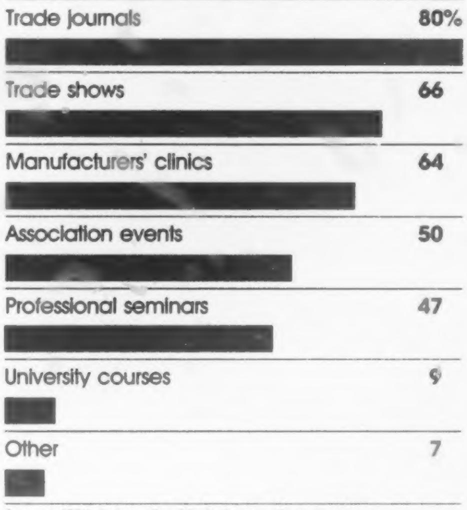
Family-owned chains are the most common among chains with fewer than ten stores.



Source: 1991 *Automotive Marketing* small chain survey

KEEPING MANAGEMENT CURRENT

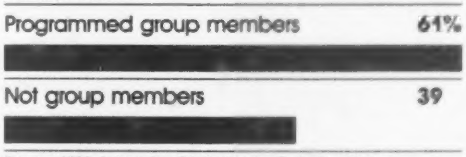
We asked how small chain management kept current with all the changes in the aftermarket, retailing, technology, and the other problems faced by professional management in all fields. Trade journals represented the most important source of information to the small chain.



Source: 1991 *Automotive Marketing* small chain survey

PROGRAMMED DISTRIBUTION GROUP MEMBERSHIP

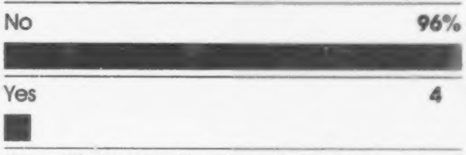
Programmed distribution groups are designed with the small chain in mind. And, well over half are now members of one group or another. About a third claim membership in NAPA, Atlanta.



Source: 1991 *Automotive Marketing* small chain survey

CLOSING ANY STORES?

We asked if the surveyed chain was planning to close any stores in 1991. Even more people planned to sit tight with all the stores they had than planned no new stores.

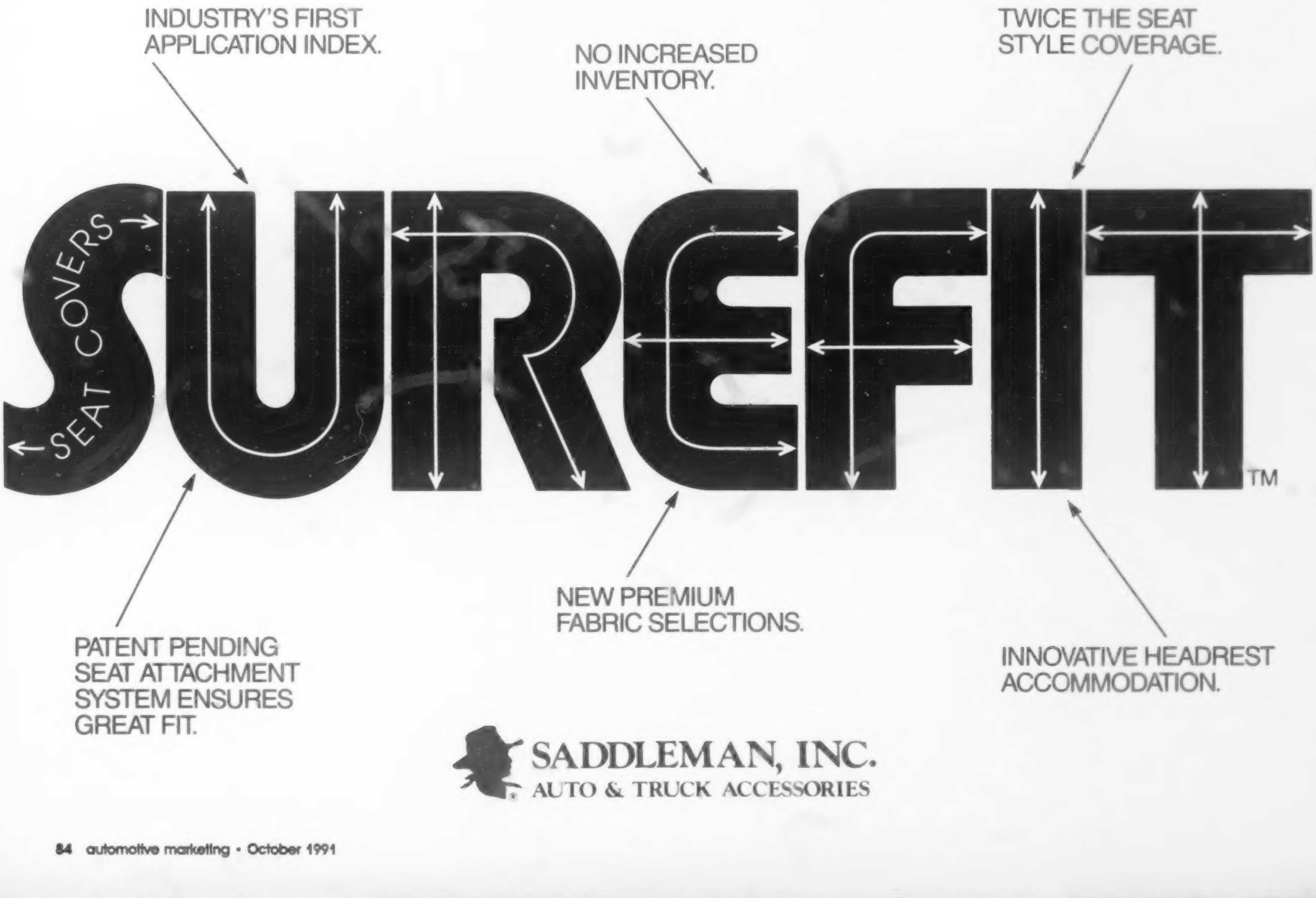


Source: 1991 *Automotive Marketing* small chain survey

Groups: Pros And Cons

Some small chains see survival through membership in one or more of the many programmed distribution and buying groups which have sprouted up in the last couple of decades.

They join for a variety of services that many such groups offer. Signage, at 74%, was the service most commonly used by programmed distribution group members. The next highest service was co-op advertising at 71%, followed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by buying private label products at 69%, advertising at 48%, and personnel training at 48%.

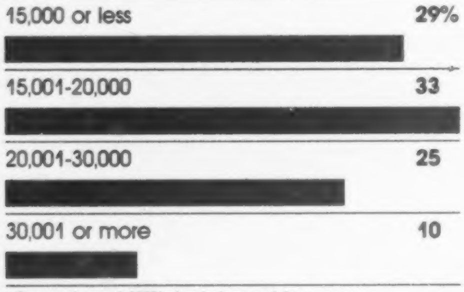
Buying all products at better prices is, of course, a major factor in joining any group. "Larger volume allows us to support a full-time outside sales effort," said Phil Reilly, President of NAPA member Reilly Enterprises, Inc., Clinton, CT. "It allows us to buy in bulk to earn additional discounts."

Not all small chain owners feel that the best way to survive is by joining some sort of group. Even though most of the retailers we surveyed belong to a distribution group, many non-group members decline to.

"I can order from whoever I want, unlike some NAPA stores I have dealt with who are very set with their supplier," said Leon Bouquet. Rick Schmidt, general manager, United Auto Parts, Inc., Cupertino, CA, agreed. "The ability to purchase solely as an independent opens us up to so much more in the way of ordering."

SKUs CARRIED IN SMALL CHAIN STORES

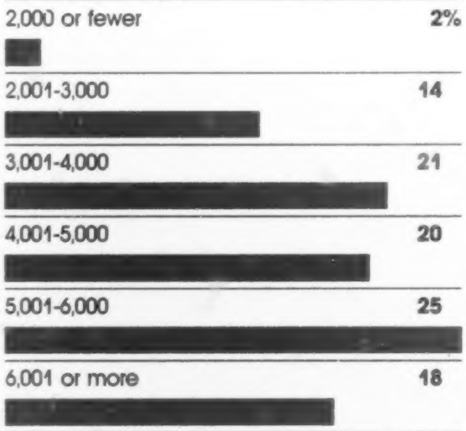
We asked how many part numbers of SKUs does your average store carry to small chain owners. Most carried under 20,000.



* Does not equal 100% due to incomplete surveys.
Source: 1991 *Automotive Marketing* small chain survey

SQUARE FEET IN THE AVERAGE STORE

We asked how many feet in the average store operated by a small chain. Most stores are still smaller than those operated by many large chains.



Source: 1991 *Automotive Marketing* small chain survey

"We are able to make quick decisions," said W. Berry Hurley, owner, W. Berry Hurley Corp., Burlington, CA. "We have more merchandise available to serve our customer better and more quickly, because we operate our own warehouse."

Even though many feel that distribution groups are not flexible, Joe York, president of Mechanics Auto Parts, Inc., Blackwood, NJ, disagrees. He said that it is an illusion that distribution groups are inflexible. A member of Auto Pride, York said said that they allow Mechanics to do what he wants while providing him with the large clout of an organization.

Planning To Survive

Walter McLaughlin has a plan in place to make sure his chain survives. His first step is simply to watch expenses. "We're trying to make sure our expenses are not getting out of proportion to the revenues we receive," he said. "We have to live within our pocket books." For example, he's looking at delivery fleet operations. "Delivery is marginal at best,'" he said. "It's very expensive."

Then, there's increasing present business without necessarily expanding. "We're looking to develop more business with the customers we have," he said. "A good customer to me is a customer that gives us four or five thousand dollars a month. We're evaluating all of our accounts. We want them to be good customers, not just picking customers. We're trying to increase our profit by doing more business with our customers."

Finally he's looking for a seasonal line of credit to carry his company throught the slow winter months.

Even with all of the blurring of the traditional distribution channels in today's market, the small auto chain has survived and will continue to survive, based on flexibility, service, and people who meet local needs. ■

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